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Commissioners at April 19, 2010 hearing. Left to right: Robert Henke, Grant Green, Dov Zakheim, Christopher Shays, Michael Thibault, Katherine Schinasi, Clark Kent Ervin, Charles Tiefer.

# Appendixes



## Appendix A

# Commission recommendations

In addition to this final report, the Commission's second interim report, "At what risk? Correcting over-reliance on contractors in contingency operations," and its five special reports included recommendations for improving contingency contracting.

Summaries of these reports are found in Appendix C. All Commission reports are available on its public website, [www.wartimecontracting.gov](http://www.wartimecontracting.gov).

An overview of all Commission recommendations follows. Note that some of the recommendations made in the second interim report are repeated in this final report.

### FINAL REPORT

#### Transforming Wartime Contracting: Controlling costs, reducing risks

The key recommendations in the Commission's final report, arranged by chapter, are:

#### RECOMMENDATIONS

##### Chapter 1. Agencies over-rely on contractors for contingency operations

*This chapter contains no recommendations.*

##### Chapter 2. 'Inherently governmental' rules do not guide appropriate use of contractors in contingencies

1. Use risk factors in deciding whether to contract in contingencies
2. Develop deployable cadres for acquisition management and contractor oversight
3. Phase out use of private security contractors for certain functions
4. Improve interagency coordination and guidance for using security contractors in contingency operations

##### Chapter 3. Inattention to contingency contracting leads to massive waste, fraud, and abuse

*This chapter contains no recommendations.*

##### Chapter 4. Looming sustainment costs risk massive new waste

5. Take actions to mitigate the threat of additional waste from unsustainability

##### Chapter 5. Agencies have not institutionalized acquisition as a core function

6. Elevate the positions and expand the authority of civilian officials responsible for contingency contracting at Defense, State, and USAID
7. Elevate and expand the authority of military officials responsible for contingency contracting on the Joint Staff, the combatant commanders' staffs, and in the military services

**Chapter 6. Agency structures and authorities prevent effective interagency coordination**

8. Establish a new, dual-hatted senior position at OMB and the NSC staff to provide oversight and strategic direction
9. Create a permanent office of inspector general for contingency operations

**Chapter 7. Contract competition, management, and enforcement are ineffective**

10. Set and meet annual increases in competition goals for contingency contracts
11. Improve contractor performance-data recording and use
12. Strengthen enforcement tools
13. Provide adequate staffing and resources, and establish procedures to protect the government's interests

**Chapter 8. The way forward demands major reforms**

14. Congress should provide or reallocate resources for contingency-contracting reform to cure or mitigate the numerous defects described by the Commission
15. Congress should enact legislation requiring regular assessment and reporting of agencies' progress in implementing reform recommendations

## **SECOND INTERIM REPORT**

### **At what risk? Correcting over-reliance on contractors in contingency operations**

ISSUED FEBRUARY 24, 2011

In this report, the Commission made recommendations to address the underlying causes of poor outcomes in contracting and to institutionalize changes for lasting effect.

#### **Section I. Contractors have become the default option**

1. Grow agencies' organic capacity
2. Develop a deployable contingency-acquisition cadre
3. Restrict reliance on contractors for security

#### **Section II. Agencies do not treat contingency contracting as a core function**

4. Designate officials with responsibility for cost consciousness
5. Measure senior military and civilian officials' efforts to manage contractors and control costs
6. Integrate operational contract support into plans, education, and exercises
7. Include operational contract support in readiness and performance reporting
8. Establish a contingency-contracting directorate in the Offices of the Joint Chiefs of Staff
9. Establish offices of contingency contracting at Defense, State, and USAID
10. Direct the Army's Installation Management Command to manage bases and base-support contractors in contingencies

#### **Section III. Interagency organizational structures do not support contingency operations**

11. Establish a new, dual-hatted position at the OMB and the NSC to provide oversight and strategic direction for contingency operations
12. Create a permanent office of inspector general for contingency operations
13. Establish interagency certification requirements and training curricula for contingency acquisition personnel
14. Create a committee to integrate the individual authorities, resources, and oversight of contingency operations

#### **Section IV. Policies and practices hamper contingency competition**

15. Require competition reporting and goals for contingency contracts
16. Break out and compete major subcontract requirements from omnibus support contracts
17. Limit contingency task-order performance periods
18. Reduce one-offer competitions
19. Expand competition when only one task-order offer is received
20. Allow contractors to respond to, but not appeal, agency performance assessments

- 21. Align past-performance assessments with contractor proposals
- 22. Require agencies to certify use of the past-performance database

**Section V. Enforcement policies and controls fail to ensure contractor accountability**

- 23. Require a written rationale for not pursuing a proposed suspension or debarment
- 24. Increase use of suspensions and debarments
- 25. Revise regulations to lower procedural barriers to contingency suspensions and debarments
- 26. Make consent to U.S. civil jurisdiction a condition of contract award
- 27. Clarify U.S. criminal jurisdiction over civilian-agency contractors operating overseas
- 28. Establish a permanent organization to investigate international-contract corruption
- 29. Expand the power of inspectors general
- 30. Raise the ceiling for access to the Program Fraud Civil Remedies Act
- 31. Strengthen authority to withhold contract payments for inadequate business systems
- 32. Amend access-to-records authority to permit broader government access to contractor records

## Recommendations in special reports

### SPECIAL REPORT 1

#### Defense agencies must improve their oversight of contractor business systems to reduce waste, fraud, and abuse

ISSUED SEPTEMBER 21, 2009

The Commission learned that unreliable data from business systems produced billions of dollars in contingency-contract costs that government auditors often could not verify. The Commission recommended that:

1. DoD needs to ensure that government speaks with one voice to contractors
2. DoD needs to improve government accountability by rapidly resolving agency conflicts on business systems
3. Defense Contract Audit Agency (DCAA) needs to expand its audit reports to go beyond rendering a pass/fail opinion
4. Defense Contract Management Agency (DCMA) needs to develop an effective process that includes aggressive compliance enforcement
5. DCAA and DCMA need to request additional resources and prioritize contingency-contractor oversight workload

### SPECIAL REPORT 2

#### Lowest-priced security not good enough for war-zone embassies

ISSUED OCTOBER 1, 2009

The Commission urged that Congress change a statutory restriction on the State Department's ability to choose security contractors for its overseas Foreign Service buildings. The Commission recommended that Congress:

1. Amend the law to permit best-value competition

### SPECIAL REPORT 3

#### Better planning for Defense-to-State transition in Iraq needed to avoid mistakes and waste

ISSUED JULY 12, 2010

The Commission found that planning for transitioning vital functions in Iraq from the Department of Defense to the Department of State was not adequate for effective coordination of billions of dollars in new contracts, and recommended that:

1. The Departments of Defense and State accelerate, intensify, and better integrate their joint planning for the transition in Iraq
2. All levels of Defense and State immediately initiate and complete planning with the Government of Iraq to address critical security functions now performed by Defense
3. State use, on a reimbursable basis, DoD's LOGCAP IV contract
4. Congress immediately provide additional resources to State to support its increased contracting costs and personnel needs

**SPECIAL REPORT 4****Iraq—a forgotten mission?****The United States needs to sustain a diplomatic presence to preserve gains and avoid waste as the U.S. military leaves Iraq**

ISSUED MARCH 1, 2011

The Commission recommended that:

1. Congress ensure adequate funding to sustain State Department operations in critical areas of Iraq, including its greatly increased need for operational contract support
2. The Department of State expand its organic capability to meet heightened needs for acquisition personnel, contract management, and contractor oversight
3. The Secretaries of State and Defense extend and intensify their collaborative planning for the transition, including executing an agreement to establish a single, senior-level coordinator and decision-maker to guide progress and promptly address major issues whose resolution may exceed the authorities of departmental working groups

**SPECIAL REPORT 5****Sustainability: hidden costs risk new waste****Preparations for ending U.S. military presence and contracting activities in Iraq and Afghanistan must include action to avoid waste from host nations' inability to operate and maintain projects and programs**

ISSUED JUNE 3, 2011

The Commission recommended that:

1. Officials at the Department of Defense, the Department of State, and USAID examine both completed and current projects for risk of sustainment failure and pursue all reasonable strategies to mitigate risks
2. Officials ensure that any *new* requirements and acquisition strategies regarding contingency contracts for projects or services to be handed over to a host nation include a detailed assessment of that host nation's ability and will to meet the out-year costs essential for long-term success
3. Officials take appropriate action to cancel or redesign projects or programs that have little or no realistic prospect for achieving sustainability
4. Officials report to Congress by December 31, 2011, and annually thereafter, their analysis of current and proposed projects and their planned actions for mitigating sustainability risks

## Appendix B

# Authorizing statute and extension

### NATIONAL DEFENSE AUTHORIZATION ACT (NDAA) FOR FISCAL YEAR 2008

[110th Congress, Public Law 110-181, Section 841 (January 28, 2008)]

#### SEC. 841. COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the “Commission on Wartime Contracting” (in this section referred to as the “Commission”).

(b) MEMBERSHIP MATTERS.—

(1) MEMBERSHIP.—The Commission shall be composed of 8 members, as follows:

(A) 2 members shall be appointed by the majority leader of the Senate, in consultation with the Chairmen of the Committee on Armed Services, the Committee on Homeland Security and Governmental Affairs, and the Committee on Foreign Relations of the Senate.

(B) 2 members shall be appointed by the Speaker of the House of Representatives, in consultation with the Chairmen of the Committee on Armed Services, the Committee on Oversight and Government Reform, and the Committee on Foreign Affairs of the House of Representatives.

(C) 1 member shall be appointed by the minority leader of the Senate, in consultation with the Ranking Minority Members of the Committee on Armed Services, the Committee on Homeland Security and Governmental Affairs, and the Committee on Foreign Relations of the Senate.

(D) 1 member shall be appointed by the minority leader of the House of Representatives, in consultation with the Ranking Minority Member of the Committee on Armed Services, the Committee on Oversight and Government Reform, and the Committee on Foreign Affairs of the House of Representatives.

(E) 2 members shall be appointed by the President, in consultation with the Secretary of Defense and the Secretary of State.

(2) DEADLINE FOR APPOINTMENTS.—All appointments to the Commission shall be made not later than 120 days after the date of the enactment of this Act.

(3) CO-CHAIRMEN.—The Commission shall have two co-chairmen, including—

(A) a co-chairman who shall be a member of the Commission jointly designated by the Speaker of the House of Representatives and the majority leader of the Senate; and

(B) a co-chairman who shall be a member of the Commission jointly designated by the minority leader of the House of Representatives and the minority leader of the Senate.

(4) VACANCY.—In the event of a vacancy in a seat on the Commission, the individual appointed to fill the vacant seat shall be—

(A) appointed by the same officer (or the officer’s successor) who made the appointment to the seat when the Commission was first established; and

(B) if the officer in subparagraph (A) is of a party other than the party of the officer who made the appointment to the seat when the Commission was first established, chosen in consultation with the senior officers in the Senate and the

House of Representatives of the party which is the party of the officer who made the appointment to the seat when the Commission was first established.

(c) DUTIES.—

(1) GENERAL DUTIES.—The Commission shall study the following matters:

- (A) Federal agency contracting for the reconstruction of Iraq and Afghanistan.
- (B) Federal agency contracting for the logistical support of coalition forces operating in Iraq and Afghanistan.
- (C) Federal agency contracting for the performance of security functions in Iraq and Afghanistan.

(2) SCOPE OF CONTRACTING COVERED.—The Federal agency contracting covered by this subsection includes contracts entered into both in the United States and abroad for the performance of activities described in paragraph (1).

(3) PARTICULAR DUTIES.—In carrying out the study under this subsection, the Commission shall assess—

- (A) the extent of the reliance of the Federal Government on contractors to perform functions (including security functions) in Iraq and Afghanistan and the impact of this reliance on the achievement of the objectives of the United States;
- (B) the performance exhibited by Federal contractors for the contracts under review pursuant to paragraph (1), and the mechanisms used to evaluate contractor performance;
- (C) the extent of waste, fraud, and abuse under such contracts;
- (D) the extent to which those responsible for such waste, fraud, and abuse have been held financially or legally accountable;
- (E) the appropriateness of the organizational structure, policies, practices, and resources of the Department of Defense and the Department of State for handling program management and contracting for the programs and contracts under review pursuant to paragraph (1);
- (F) the extent to which contractors under such contracts have engaged in the misuse of force or have used force in a manner inconsistent with the objectives of the operational field commander; and
- (G) the extent of potential violations of the laws of war, Federal law, or other applicable legal standards by contractors under such contracts.

(d) REPORTS.—

(1) INTERIM REPORT.—On March 1, 2009, the Commission shall submit to Congress an interim report on the study carried out under subsection (c), including the results and findings of the study as of that date.

(2) OTHER REPORTS.—The Commission may from time to time submit to Congress such other reports on the study carried out under subsection (c) as the Commission considers appropriate.

(3) FINAL REPORT.—Not later than two years after the date of the appointment of all of the members of the Commission under subsection (b), the Commission shall submit to Congress a final report on the study carried out under subsection (c). The report shall-

- (A) include the findings of the Commission;
- (B) identify lessons learned relating to contingency program management and contingency contracting covered by the study; and
- (C) include specific recommendations for improvements to be made in—
  - (i) the process for defining requirements and developing statements of work for contracts in contingency contracting;
  - (ii) the process for awarding contracts and task or delivery orders in contingency contracting;
  - (iii) the process for contingency program management;
  - (iv) the process for identifying, addressing, and providing accountability for waste, fraud, and abuse in contingency contracting;
  - (v) the process for determining which functions are inherently governmental and which functions are appropriate for performance by contractors in a contingency operation (including during combat operations), especially whether providing security in an area of combat operations is inherently governmental;
  - (vi) the organizational structure, resources, policies, and practices of the Department of Defense and the Department of State for performing contingency program management; and
  - (vii) the process by which roles and responsibilities with respect to management and oversight of contracts in contingency contracting are distributed among the various departments and agencies of the Federal Government, and interagency coordination and communication mechanisms associated with contingency contracting.

(e) OTHER POWERS AND AUTHORITIES.—

(1) HEARINGS AND EVIDENCE.—The Commission or, on the authority of the Commission, any portion thereof, may, for the purpose of carrying out this section—

- (A) hold such hearings and sit and act at such times and places, take such testimony, receive such evidence, administer such oaths (provided that the quorum for a hearing shall be three members of the Commission); and
- (B) provide for the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents; as the Commission, or such portion thereof, may determine advisable.

(2) INABILITY TO OBTAIN DOCUMENTS OR TESTIMONY.—In the event the Commission is unable to obtain testimony or documents needed to conduct its work, the Commission shall notify the committees of Congress of jurisdiction and appropriate investigative authorities.

(3) ACCESS TO INFORMATION.—The Commission may secure directly from the Department of Defense and any other department or agency of the Federal Government any information or assistance that the Commission considers necessary to enable the Commission to carry out the requirements of this section. Upon request of the Commission, the head of such department or agency shall furnish such information expeditiously to the Commission. Whenever information or assistance requested by the Commission is unreasonably refused or not provided, the Commission shall report the circumstances to Congress without delay.

- (4) PERSONNEL.—The Commission shall have the authorities provided in section 3161 of title 5, United States Code, and shall be subject to the conditions set forth in such section, except to the extent that such conditions would be inconsistent with the requirements of this section.
- (5) DETAILEES.—Any employee of the Federal Government may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption.
- (6) SECURITY CLEARANCES.—The appropriate departments or agencies of the Federal Government shall cooperate with the Commission in expeditiously providing to the Commission members and staff appropriate security clearances to the extent possible pursuant to existing procedures and requirements, except that no person shall be provided with access to classified information under this section without the appropriate security clearances.
- (7) VIOLATIONS OF LAW.—
- (A) REFERRAL TO ATTORNEY GENERAL.—The Commission may refer to the Attorney General any violation or potential violation of law identified by the Commission in carrying out its duties under this section.
- (B) REPORTS ON RESULTS OF REFERRAL.—The Attorney General shall submit to Congress a report on each prosecution, conviction, resolution, or other disposition that results from a referral made under this subparagraph.
- (f) TERMINATION.—The Commission shall terminate on the date that is 60 days after the date of the submittal of its final report under subsection (d)(3).
- (g) DEFINITIONS.—In this section:
- (1) CONTINGENCY CONTRACTING.—The term “contingency contracting” means all stages of the process of acquiring property or services during a contingency operation.
- (2) CONTINGENCY OPERATION.—The term “contingency operation” has the meaning given that term in section 101 of title 10, United States Code.
- (3) CONTINGENCY PROGRAM MANAGEMENT.—The term “contingency program management” means the process of planning, organizing, staffing, controlling, and leading the combined efforts of participating personnel for the management of a specific acquisition program or programs during contingency operations.

## **NATIONAL DEFENSE AUTHORIZATION ACT (NDAA) FOR FISCAL YEAR 2010**

[111th Congress, Public Law 111-84, Section 822 (October 28, 2009)]

### **SEC. 822. EXTENSION AND ENHANCEMENT OF AUTHORITIES ON THE COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN.**

(a) **DATE OF FINAL REPORT.**—Subsection (d)(3) of section 841 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181; 122 Stat. 230) is amended by striking ‘two years’ and inserting “three years”.

(b) **ASSISTANCE FROM FEDERAL AGENCIES.**—Such section is further amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following new subsection (f):

(f) **Assistance From Federal Agencies—**

(1) **DEPARTMENT OF DEFENSE.**—The Secretary of Defense shall provide to the Commission administrative support for the performance of the Commission’s functions in carrying out the requirements of this section.

(2) **TRAVEL AND LODGING IN COMBAT THEATERS.**—The administrative support provided the Commission under paragraph (1) shall include travel and lodging undertaken in combat theaters, which support shall be provided through funds made available for that purpose through the Washington Headquarters Services or on a non-reimbursable basis, as appropriate.

(3) **OTHER DEPARTMENTS AND AGENCIES.**—In addition to the support required by paragraph (1), any department or agency of the Federal Government may provide to the Commission such services, funds, facilities, staff, and other support services for the performance of the Commission’s functions as the head of such department or agency considers advisable, or as may otherwise be authorized by law.

## Appendix C

# Summary of Commission reports

In addition to this final report, the Commission has issued two interim reports to Congress and five special reports. Each special report addresses an issue that the Commission believed required immediate attention.

All Commission reports are available on its public website, [www.wartimecontracting.gov](http://www.wartimecontracting.gov). Capsule summaries follow.

### FIRST INTERIM REPORT

#### At what cost? Contingency contracting in Iraq and Afghanistan

ISSUED JUNE 10, 2009

This report described the Commission's operations during its first year, identified areas for research, and flagged eight issues of immediate concern for lawmakers to consider. The eight issues included the risk of potential waste to be incurred by the drawdown of U.S. forces in Iraq; the critical shortage of qualified contract-management personnel in theater; the lack of competition in the transition from LOGCAP III to IV; inadequate contractor business systems; the need for greater accountability in the use of subcontractors; the failure to apply lessons learned in Iraq to Afghanistan; the lag in plans to establish a Defense Department contracting command in Afghanistan; and the need to ensure that contractors providing security for operating bases are well trained and equipped.

### SECOND INTERIM REPORT

#### At what risk? Correcting over-reliance on contractors in contingency operations

ISSUED FEBRUARY 24, 2011

In this report, the Commission made recommendations that it believed addressed the underlying causes of poor outcomes in contracting, and had the potential of institutionalizing changes for lasting effect. The recommendations included growing agencies' organic capacity; developing a deployable contingency-acquisition cadre; restricting reliance on contractors for security; and establishing a contingency-contracting directorate in the Office of the Joint Chiefs of Staff, as well as Offices of Contingency Contracting at Defense, State, and USAID.

Other major recommendations included asking the President and Congress, respectively, to establish a new, dual-hatted position at the Office of Management and Budget and the National Security Council to provide oversight and strategic direction for contingency operations, and create a permanent office of inspector general for contingency operations. Efforts to encourage competition were central to one set of recommendations. Finally, another set of recommendations focused on improving the suspension-and-debarment processes.

### SPECIAL REPORT 1

#### Defense agencies must improve their oversight of contractor business systems to reduce waste, fraud, and abuse

ISSUED SEPTEMBER 21, 2009

At a hearing on August 11, 2009, the Commission learned that unreliable data from business systems produced billions of dollars in contingency-contract costs that government auditors often could not verify. The government's ability to detect contract cost errors and material misstatements was seriously impeded by contractors' inadequate internal controls over their business systems. Further,

the two primary government agencies involved, the Defense Contract Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA), were not working together effectively to protect government interests.

The Commission recommended that: (1) Defense needs to ensure that government speaks with one voice to contractors; (2) Defense needs to improve government accountability by rapidly resolving agency conflicts on business systems; (3) DCAA needs to expand its audit reports to go beyond rendering a pass/fail opinion; (4) DCMA needs to develop an effective process that includes aggressive compliance enforcement; and (5) DCAA and DCMA need to request additional resources and prioritize contingency-contractor oversight workload.

## **SPECIAL REPORT 2**

### **Lowest-priced security not good enough for war-zone embassies**

ISSUED OCTOBER 1, 2009

This report urged that Congress change a statutory restriction on the State Department's ability to choose security contractors for its overseas Foreign Service buildings based on any considerations other than lowest price and technical acceptability (LPTA). The Commission believed that the unintended consequences of the mandate were illustrated in poor contract performance and widely publicized misconduct by guards for the embassy in Kabul. The State Department is on record saying that contractor performance endangered the embassy and its personnel. The report urged allowing use of the "best-value" standard for evaluating contractors' offers. (Congress responded by enacting a temporary lifting of the LPTA mandate in Iraq and Afghanistan.)

## **SPECIAL REPORT 3**

### **Better planning for Defense-to-State transition in Iraq needed to avoid mistakes and waste**

ISSUED JULY 12, 2010

Planning for transitioning vital functions in Iraq from the Department of Defense to the Department of State was not adequate for effective coordination of billions of dollars in new contracts, and risked both financial waste and undermining U.S. policy objectives.

The Commission recommended that Defense and State accelerate, intensify, and better integrate their joint planning for the transition in Iraq; that all levels of Defense and State immediately initiate and complete planning with the Government of Iraq to address critical security functions now performed by Defense; that State use, on a reimbursable basis, Defense's LOGCAP IV contract; and that Congress immediately provide additional resources to State to support its increased contracting costs and personnel needs.

## **SPECIAL REPORT 4**

### **Iraq—a forgotten mission?**

### **The United States needs to sustain a diplomatic presence to preserve gains and avoid waste as the U.S. military leaves Iraq**

ISSUED MARCH 1, 2011

State's Iraq mission after 2011 will require using thousands more contractors. Yet State is short of needed funding and program-management staff. Very little time remains for State to develop requirements, conduct negotiations, and award competitive contracts for work that must begin at

once. Inadequate support risks waste of funds and failure for U.S. policy objectives in Iraq and the region.

The Commission recommended that Congress ensure adequate funding to sustain State's operations in critical areas of Iraq, including the Department's greatly increased needs for operational contract support. The Commission recommended that the State Department expand its organic capability to meet heightened needs for acquisition personnel, contract management, and contractor oversight; and the Secretaries of State and Defense extend and intensify their collaborative planning for the transition, including executing an agreement to establish a single, senior-level coordinator and decision-maker to guide progress and promptly address major issues whose resolution may exceed the authorities of departmental working groups.

## SPECIAL REPORT 5

### **Sustainability: hidden costs risk new waste**

### **Preparations for ending U.S. military presence and contracting activities in Iraq and Afghanistan must include action to avoid waste from host nations' inability to operate and maintain projects and programs**

ISSUED JUNE 3, 2011

Billions of U.S. taxpayers' dollars will be wasted in Iraq and Afghanistan if the host-nation governments cannot take over the operation, maintenance, and security of efforts undertaken to reconstruct, stabilize, and develop those countries. Potential waste from unsustainable projects exceeds \$11 billion for just one program in Afghanistan—facilities construction for the national security forces. But time is growing short. Without prompt and decisive action, the biggest waste in Iraq and Afghanistan may be yet to come.

The Commission recommended that officials at Defense, State, and USAID examine both completed and current projects for risk of sustainment failure and pursue all reasonable strategies to mitigate risks; that officials ensure that any *new* requirements and acquisition strategies regarding contingency contracts for projects or services to be handed over to a host nation include a detailed assessment of the host nation's ability and commitment to meet the out-year costs essential for long-term success; that officials take appropriate action to cancel or redesign projects or programs that have little or no realistic prospect for achieving sustainability; and that officials report to Congress by December 31, 2011, and annually thereafter, their analysis of current and proposed projects and their planned actions for mitigating sustainability risks.

## Appendix D

# Hearings, travel, and meetings

## Hearings

The Commission conducted 25 public hearings on Capitol Hill on a range of contingency-contracting issues, hearing sworn testimony from and conducting discussions with witnesses from Defense, State, and USAID, including acquisition and oversight-agency officials, as well as high-level administrators from these and other federal agencies. Other hearings featured contractors, scholars, and experts from think tanks. In addition, Commissioners appeared as witnesses at three congressional hearings.

### 2009 Commission hearings

#### February 2: Lessons from the inspectors general: improving wartime contracting

**Panel 1:** Senator James Webb, Senator Claire McCaskill, and Senator Susan Collins

**Panel 2:** Special Inspector General for Iraq Reconstruction

**Panel 3:** Inspectors general of Defense, State, and USAID

#### May 4: LOGCAP: Support-contracting challenges in Iraq and Afghanistan

**Panel:** Director, U.S. Army Contracting Command; Director, Defense Contract Management Agency; Director, Defense Contract Audit Agency; LOGCAP Program Manager, U.S. Army Logistics Civil Augmentation Program Office

#### August 11: Contractor business systems

**Panel 1:** Executive Director, Defense Contract Management Agency; Director, Defense Contract Audit Agency; Executive Director, U.S. Army Contracting Command

**Panel 2:** President and CEO, DynCorp International LLC; Executive Director of Compliance, Fluor Corporation's Government Group; Senior Vice President of Compliance, KBR

#### August 12: Linguist support services

**Panel 1:** Director, Defense Contract Audit Agency; Deputy Director of Contracting, U.S. Army Intelligence Security Command

**Panel 2:** General Manager, Global Linguist Solutions, LLC; Vice President, Northrop Grumman Technical Services; General Counsel, L-3 Communications Services Group

#### September 14: State Department oversight and contractor-employee conduct

**Panel 1:** Under Secretary of State for Management

**Panel 2:** A private citizen; Executive Director, Project on Government Oversight

**Panel 3:** President, International Peace Operations Association; President and CEO, DynCorp International LLC; Vice President of Homeland and International Security Services, Wackenhut Services, Inc.

#### November 2: Counting contractors: where are they and what are they doing?

**Panel 1:** Deputy J-4, Department of Defense, U.S. Central Command; a director, Government Accountability Office; Assistant Deputy Under Secretary of Defense for Program Support

**Panel 2:** a director, Government Accountability Office; Vice Director for Logistics, Joint Staff; Executive Director, U.S. Army Logistics Civil Augmentation Program Office

**Panel 3:** Acting Deputy, Defense Procurement and Acquisition Policy; Director, Defense Contract Management Agency; Director, Defense Contract Audit Agency

### **December 18: Contractor training of Afghan National Security Forces**

**Panel 1:** Assistant Inspector General for Special Plans and Operations, Department of Defense

**Panel 2:** Former Commanding General, Combined Security Transition Command-Afghanistan; Assistant Secretary of State for International Narcotics and Law Enforcement; Program Executive, Department of Defense Counter Narcoterrorism Technology Program Office

**Panel 3:** Vice President and Program Manager, DynCorp International LLC; Executive Vice President of Contracts and Sales, Xe Services LLC (formerly Blackwater Worldwide); Program Manager, MPRI, a division of L-3 Communications

## **2010 Commission hearings**

### **February 22: An urgent need: coordinating reconstruction and stabilization in contingency operations**

**Panel 1:** Special Inspector General for Iraq Reconstruction; Special Inspector General for Afghanistan Reconstruction

**Panel 2:** Director, U.S. Institute of Peace; Senior Vice President, International Crisis Group; Senior Political Scientist, RAND Corporation

### **March 1: An urgent need: coordinating reconstruction and stabilization in contingency operations, continued**

**Panel:** Executive Director of the Afghanistan-Pakistan Task Force, U.S. Agency for International Development; Coordinator for Reconstruction and Stabilization, Department of State; Deputy Assistant Secretary, Department of Defense

### **March 29: Rightsizing and managing contractors during the Iraq drawdown**

**Panel 1:** Deputy Commanding General, U.S. Army Materiel Command; Director, Defense Contract Audit Agency; Executive Director, U.S. Army Rock Island Contracting Center

**Panel 2:** Vice President of Operations, KBR

### **April 19: Oversight of service contracts**

**Panel 1:** Director, Defense Procurement and Acquisition Policy; Principal Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology; Deputy Assistant Secretary of the Army for Procurement

**Panel 2:** Senior Vice President, CACI International, Inc.; Chief Operating Officer, AECOM Government Services

### **May 24: How good is our system for curbing contract waste, fraud, and abuse?**

**Panel 1:** Assistant Inspector General, Special Inspector General for Afghanistan Reconstruction; Deputy Inspector General, Special Inspector General for Iraq Reconstruction; Assistant Director, Criminal Investigative Division of the Federal Bureau of Investigation; Deputy Inspector General for Investigations, Defense Criminal Investigative Service

**Panel 2:** Inspector General, U.S. Agency for International Development; Deputy Inspector General for Auditing, Department of Defense; Deputy Inspector General, Department of State

### **June 18: Are private security contractors performing inherently governmental functions?**

**Panel:** President, Jefferson Solutions; Professor and Director of the Rohatyn Center for International Affairs, Middlebury College; President and CEO, Professional Services Council; Executive Director, Project on Government Oversight; Professor and Director of the Center for Research on International and Global Studies, University of California, Irvine; President, Center for a New American Security

### **June 21: Private security contractors in Iraq: where are we going?**

**Panel 1:** Assistant Deputy Under Secretary of Defense for Program Support; Deputy Assistant Secretary of the Army for Procurement; Deputy Assistant Secretary for International Programs, Department of State; Chief, International Security Programs Division, Office of Security, U.S. Agency for International Development; Director, Office of Security, U.S. Agency for International Development

**Panel 2:** Vice President and Program Manager of Civilian Police Programs, DynCorp International LLC; President, Aegis Defense Services LLC; Director and CEO, Triple Canopy, Inc.

### **July 12: Total force policy, the Quadrennial Defense Review, and other Defense and operational planning: why does planning for contractors continue to lag?**

**Panel:** Deputy Under Secretary of Defense for Strategy, Plans, and Forces; Director for Logistics, Joint Staff; Director of Requirements, Office of Secretary of Defense for Personnel and Readiness; Assistant Deputy Under Secretary of Defense for Program Support

### **July 26: Subcontracting: who's minding the store?**

**Panel 1:** Deputy Assistant Secretary of the Army for Procurement; Director, Defense Contract Audit Agency; Director, Acquisition Management, Department of State; Acting Assistant Administrator for Management, U.S. Agency for International Development

**Panel 2:** Global Director Procurement and Supply Management, KBR; Vice President and Government Business Executive, Fluor Corporation; Senior Vice President, Business Administration, DynCorp International LLC; CEO, Mission Essential Personnel, LLC

**Panel 3:** President, Government Facilities Infrastructure, CH2M HILL Constructors, Inc.; Manager and Ethics Committee Director, Tamimi Global Company, Ltd; CEO, Symbion Power LLC; COO, McNeil Technologies, Inc.; CFO, The Diplomat Group LLC; President and CEO, Torres Advanced Enterprise Solutions, LLC

### **September 16: The contingency acquisition workforce: what is needed and how do we get there?**

**Panel 1:** Professor, Center for Public Policy and Private Enterprise, School of Public Policy, University of Maryland; Administrator, Office of Federal Procurement Policy; Deputy Associate Director for Employee Services, Office of Personnel Management; Acting Deputy Under Secretary of Defense for Civilian Personnel Policy; Acting President, Defense Acquisition University

**Panel 2:** Director, Defense Contract Management Agency; Director, Defense Contract Audit Agency; Principal Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology; Military Deputy to the Assistant Secretary of the Air Force for Acquisition; Commanding General, U.S. Army Corps of Engineers; Executive Director, U.S. Army Contracting Command

## 2011 Commission hearings

### January 24: Recurring problems in Afghan construction

**Panel 1:** Special Inspector General for Afghanistan Reconstruction

**Panel 2:** Deputy Commanding General, Military and International Operations, U.S. Army Corps of Engineers; Deputy Assistant Administrator, Afghanistan Pakistan Task Force, U.S. Agency for International Development; Deputy Director, Air Force Center for Engineering and the Environment; Principal Deputy Assistant Secretary, International Narcotics and Law Enforcement Affairs, Department of State

### February 14: Recurring problems in Afghan construction, continued

**Panel:** President, Government, Environmental & Nuclear Division, CH2M HILL Constructors, Inc.; Executive Vice President, AMEC Earth and Environmental, Inc.; President, Black & Veatch Special Projects Corporation; Regional Director, United Nations Office for Project Services

### February 28: Ensuring contractor accountability: past performance and suspensions and debarments

**Panel 1:** Commander, Defense Contract Management Agency, International; Deputy Inspector General for USAID; Commanding Officer, Naval Sea Logistics Center; General Counsel, Project on Government Oversight

**Panel 2:** Administrator, Office of Federal Procurement Policy; Deputy Director, Contingency Contracting and Acquisition Policy, Defense Procurement Acquisition Policy; Procurement Executive, Department of State; Chief Acquisition Officer, U.S. Agency for International Development; U.S. Navy Associate Counsel and Chair, Interagency Suspension and Debarment Committee; Director, Office of the Judge Advocate General, U.S. Army

### March 28: Better buying power in Defense spending

**Witness:** Under Secretary of Defense for Acquisition, Technology, and Logistics

### April 1: USAID plans for improved contracting performance

**Witness:** Administrator of U.S. Agency for International Development

### April 11: Non-governmental organizations' lessons for contingencies

**Panel:** Country Manager, Catholic Relief Services; Vice President, International Rescue Committee; Regional Program Director for South Asia, Mercy Corps; Vice President, Save the Children; Director of Intergovernmental Affairs, U.S. Institute of Peace

### April 25: Implementing improvements to Defense wartime contracting

**Panel 1:** Professor, Center for Public Policy and Private Enterprise, School of Public Policy, University of Maryland; Managing Director for Acquisition and Sourcing Management, Government Accountability Office

**Panel 2:** Special Inspector General for Iraq Reconstruction; Deputy Inspector General for Auditing, Department of Defense; Acting Special Inspector General for Afghanistan Reconstruction

### June 6: State Department contracting, response to Commission recommendations, and transition effort in Iraq and Afghanistan

**Witness:** Under Secretary of State for Management

## Travel

Commissioners, accompanied by professional staff, made numerous trips to Iraq, Afghanistan, and Kuwait over the last three years, as well as several trips to Europe and Canada. Our work in theater was supplemented by a “forward team”—two professional staff members based in Baghdad and two in Kabul serving as eyes and ears on the ground, coordinating travel in theater, and managing requests for information from our home office. In addition, the Commission traveled to numerous government venues, contractor locations, training centers, and think tanks throughout the United States.

### Overseas trips

In overseas travel, the Commission focused on theater contracting issues, construction projects, organizational alignment and structure, requirements generation, interagency coordination, and lessons learned. The Commission also traveled to NATO and coalition-partner countries to learn about best practices and issues those governments faced similar to those of the United States in managing contracts in a contingency environment.

#### 2008

December 2–8: Afghanistan and Iraq

#### 2009

March 30–April 11: Afghanistan and Iraq

June 14–19: Kuwait and Iraq

July 19–August 1: Iraq and Kuwait

August 23–September 2: Afghanistan

October 30–November 6: Kuwait and Iraq

November 30–December 8: Afghanistan

December 14–16: Canada

#### 2010

February 8–15: Kuwait and Iraq

May 13–22: Iraq and Kuwait

July 17–23: United Kingdom, Switzerland, and Denmark

August 7–16: Afghanistan

August 20–28: Kuwait and Afghanistan

October 8–15: Turkey and England

November 8–18: Afghanistan

November 30–December 8: Iraq

December 5–10: Germany

#### 2011

January 22–28: Afghanistan

March 5–10: Qatar

March 14–26: Afghanistan and Kuwait

## Domestic trips

### 2009

Lowell, Massachusetts, *Defense Contract Audit Agency*  
 Dallas, Texas, *Defense Contract Audit Agency*  
 Rock Island, Illinois, *U.S. Army Logistics Civil Augmentation Program*  
 Indianapolis, Indiana, *Defense Finance and Accounting Service*  
 Orlando, Florida, *Department of Defense Procurement Conference*  
 Atlanta, Georgia, *U.S. Army Central Command, G-7*  
 Tampa, Florida, *U.S. Central Command*  
 Orlando, Florida, *Program Executive Office for Simulation, Training, and Instrumentation*  
 Baton Rouge, Louisiana, *Triple Canopy, Inc.*  
 Irving, Texas, *Defense Contract Audit Agency*  
 Ft. Worth, Texas, *DynCorp International LLC*  
 Rock Island, Illinois, *U.S. Army Rock Island Contracting Center*  
 Philadelphia, Pennsylvania, *Defense Logistics Agency (Troop Support)*  
 Tampa, Florida, *U.S. Central Command*  
 Atlanta, Georgia, *Defense Contract Management Agency*  
 Huntsville, Alabama, *U.S. Army Aviation and Missile Command*  
 Warren, Michigan, *U.S. Army Tank and Automotive Command*  
 San Antonio, Texas, *Air Force Center for Engineering and the Environment*  
 Panama City, Florida, *Air Force Contract Augmentation Program*  
 Moyock, North Carolina, *Xe Services LLC*  
 Ft. Monmouth, New Jersey, *U.S. Army Communications and Electronics Command*  
 Ft. Leavenworth, Kansas, *U.S. Army Combined Arms Center, School of Command Preparation*  
 Houston, Texas, *Defense Contract Audit Agency*

### 2010

Tampa, Florida, *U.S. Central Command*  
 Tampa, Florida, *U.S. Special Operations Command*  
 Springfield, Virginia, *Defense Contract Management Agency*  
 Houston, Texas, *KBR*  
 San Antonio, Texas, *U.S. Air Force Air Education and Training Command Contracting Squadron*  
 San Antonio, Texas, *Joint Contracting Command-Iraq/Afghanistan Contract Closeout Task Force*  
 Daytona Beach, Florida, *Defense Contract Management Agency*  
 San Diego, California, *National Contract Management Association Conference*  
 Las Vegas, Nevada, *DoD Past-Performance Conference*  
 Ft. Leavenworth, Kansas, *U.S. Army Combined Arms Center, Center for Army Lessons Learned*  
 Orlando, Florida, *Department of Defense Procurement Conference*  
 Monterey, California, *Naval Postgraduate School*  
 Carlisle, Pennsylvania, *U.S. Army War College, U.S. Army Peacekeeping and Stability Operations Institute*

Rock Island, Illinois, *U.S. Army Rock Island Contracting Center*  
Monterey, California, *Naval Postgraduate School*  
Philadelphia, Pennsylvania, *Defense Logistics Agency (Troop Support)*  
Burlingame, California, *Environmental Chemical Corporation*  
Chambersburg, Pennsylvania, *3rd Expeditionary Sustainment Command, U.S. Army*  
Kettering, Ohio, *U.S. Air Force Institute of Technology*  
San Antonio, Texas, *Air Force Center for Engineering and the Environment*  
Englewood, Colorado, *CH2M HILL, Inc.*  
Suffolk, Virginia, *U.S. Joint Forces Command*  
Springfield, Virginia, *Defense Contract Management Agency*  
Ft. Lauderdale, Florida, *National Contract Management Association*  
Ft. Drum, New York, *U.S. Army Battle Command Training Center*  
Tampa, Florida, *U.S. Central Command J4 Contracting*  
San Francisco, California, *American Bar Association*  
Chantilly, Virginia, *National Contract Management Association Legislative Update*  
Ft. Bragg, North Carolina, *U.S. Army 18th Airborne Corps*  
Philadelphia, Pennsylvania, *National Procurement and Grant Fraud Conference*

## 2011

Ft. Leavenworth, Kansas, *U.S. Army Combined Arms Center, Command and General Staff College*  
Rock Island, Illinois, *U.S. Army Sustainment Command*  
Scott Air Force Base, Illinois, *U.S. Transportation Command*  
Rock Island, Illinois, *U.S. Army Logistics Civil Augmentation Program*  
Scottsdale, Arizona, *Professional Services Council Conference*  
Huntsville, Alabama, *U.S. Army Materiel Command*  
Miami, Florida, *U.S. Southern Command*  
Orlando, Florida, *Department of Defense Procurement Conference*  
Monterey, California, *Naval Postgraduate School Acquisition Research Symposium*  
Grapevine, Texas, *Society of American Military Engineers Conference*

## Additional meetings and briefings

Commissioners and professional staff participated in more than 1,000 meetings and briefings with officials from agencies engaged in contingency contracting, with think tanks, scholars and experts, and with contractors and representatives of the contracting community. We invited representatives of federal agencies with a stake in contingency contracting to meet monthly and review and discuss tentative findings.

Contractors and professional associations with whom the Commission met to discuss their experiences and observations included:

AECOM Government Services; Aegis Defense Services LLC; Agility Defense & Government Services, Ltd; AMEC Earth & Environmental, Inc.; ANHAM; ArmorGroup North America, Inc.; Black & Veatch Special Projects Corporation; Blackwater Worldwide; CACI International, Inc.; CH2M HILL, Inc.; Compass Integrated Security Solutions; Contrack International; DAI; The Diplomat Group LLC; DynCorp International LLC; Environmental Chemical Corporation; Fluor Corporation; General Dynamics Information Technology; Global Linguistic Solutions, LLC; International Stability Operations Association; ITT Systems Corporation; KBR; L-3 Communications Services Group; Lakeshore Engineering Services, Inc.; The Louis Berger Group, Inc.; ManTech International Corp.; McNeil Technologies, Inc.; Mission Essential Personnel, LLC; MPRI; Nathan Associates, Inc.; National Association of Government Contractors; Northrop Grumman Corporation; Professional Services Council; RA International Services; Raytheon Company; Red Sea Company; Red Star Enterprises; Sabre International; Serco Inc.; Serka Construction; Shee Atika, Inc.; Supreme Group; Symbion Power LLC; Tamimi Global Company, Ltd; Stanley Baker Hill, LLC; Technologist, Inc.; Tetra Tech, Inc.; Torres Advanced Enterprise Solutions, LLC; Triple Canopy, Inc.; Xe Services LLC; Zafer Construction Co.

## Appendix E

# Military and contractor headcounts and contract data

This appendix is divided into three broad parts—military and contractor headcounts, supplier data, and contract-characteristics data.

The headcount data indicate the number of contractor personnel employed in Iraq and Afghanistan to accomplish contract requirements pursuant to awards made by the U.S. government. We compared the number of Defense contractor personnel with the corresponding number of military in theater (boots on the ground) and found approximately as many of the former as the latter. Further, the number of Defense contractor personnel varies directly with the number of military personnel, indicating the supporting nature of Defense contractors. Currently, contractor personnel are predominantly third-country nationals (TCNs) in Iraq and local nationals (LNs) in Afghanistan. Our data also include the functions performed by contractor personnel.

The data indicate that at least \$192.5 billion was obligated for contracts and grants in support of the contingencies in Iraq and Afghanistan from FY 2002 to the end of the second quarter FY 2011. We project FY 2011 second-half spending will increase total obligations and grants since FY 2002 to a total of \$206 billion.

The contract awards were heavily concentrated. Out of over 7,000 companies, the top 23 account for approximately 75 percent of the contract dollars.<sup>1</sup> The top 15 product or service categories account for approximately 75 percent of contract obligations. Logistics-support services account for approximately 25 percent of contract obligations.

The final section on contract characteristics reinforces the notion of concentration. For example, in FY 2010, the largest 1.3 percent of total actions accounted for 80 percent of total contract spending in Iraq and Afghanistan. The dominant form of contract awards is delivery orders placed under indefinite-delivery contract vehicles. Our analysis of the statistics also includes the use of various contract vehicles, the number of offers received, and the extent of competition.

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1. The 23 include one multi-vendor entry coded as “miscellaneous foreign contractors.”

## SOURCES OF DATA

Unless otherwise noted, the sources for the data in this appendix are:

### Continuously updated headcount sources

- Military Boots on the Ground—Congressional Research Service Request for Boots-on-the-Ground (BOG) for Iraq/Operation New Dawn (OND) and Afghanistan/Operation Enduring Freedom (OEF), prepared by Office of the Chairman, Joint Chiefs of Staff.
- Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of responsibility, Iraq and Afghanistan, prepared by Deputy Assistant Secretary of Defense (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.
- State/USAID Contractors—U.S. Government Accountability Office (GAO) Reports 10-1 and 11-1, “Contingency Contracting: DOD, State and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan,” October 2009 and October 2010.

### One-time headcount studies

- Brig. Gen. William N. Phillips, Commanding General, Joint Contracting Command—Iraq/Afghanistan, memorandum, “Contractor Support of Multi-National Force-Iraq (MNF-I) Operations,” July 17, 2009.
- Chairman of the Joint Chiefs of Staff (CJCS), Dependence on Contractor Support in Contingency Operations Task Force report, “An Evaluation of the Range and Depth of Service Contract Capabilities in Iraq and Implications for OCS [Operational Contract Support] Planning,” presented to Commission by CAPT Pete Stamatopoulos, Supply Corps, U.S. Navy JS J-4 Chief, Logistics Services Division, March 24, 2010, 21.

### Contracts data

- Federal Procurement Data System-Next Generation (<https://www.fpds.gov/fpdsng.cms/>). Data extracted on June 12, 2011 for actions where place of performance equaled Afghanistan, Iraq, Kuwait, Bahrain, Qatar, Pakistan, Kyrgyzstan, Kazakhstan, Turkmenistan, Tajikistan, and Uzbekistan. Dates of actions include FY 2002 through the end of the second quarter FY 2011.

### Grants data

- USAspending.gov (<http://www.usaspending.gov/>). Data extracted on June 12, 2011 for actions where place of performance equaled Afghanistan and Iraq. Dates of actions include FY 2002 through the end of the second quarter FY 2011.

All dollar values are in then-year dollars.

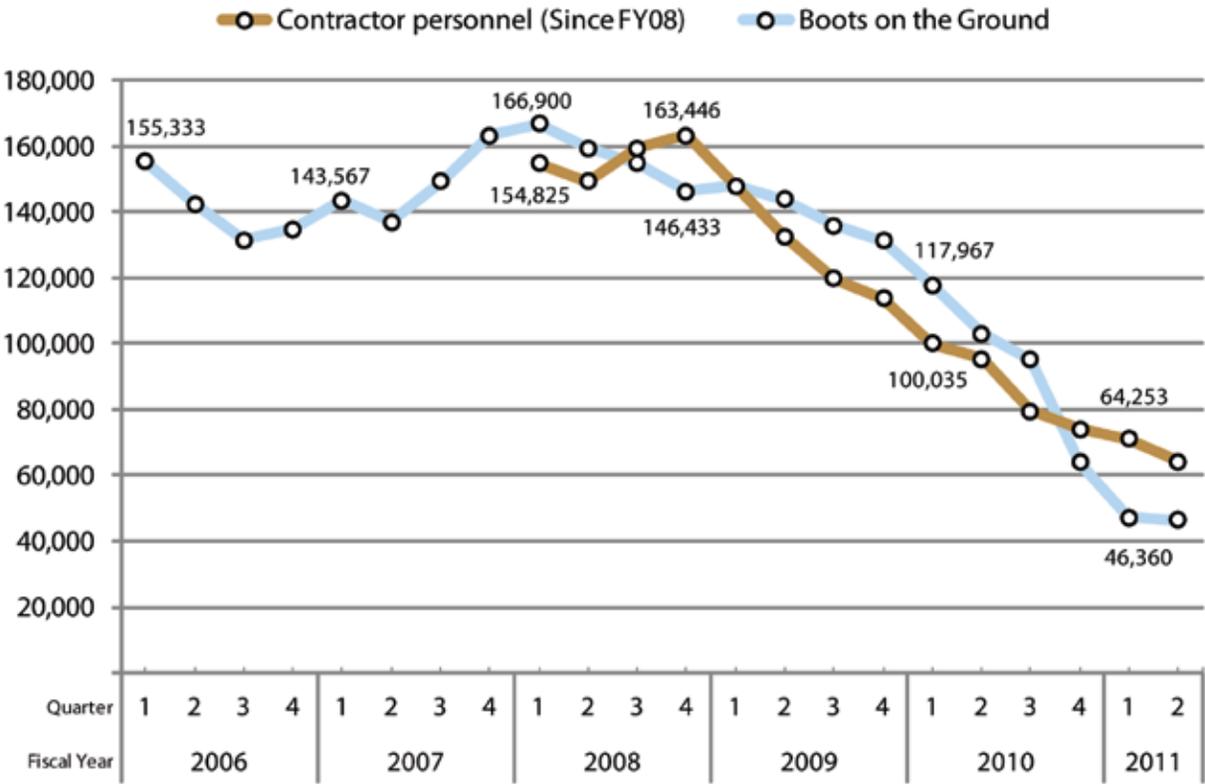
# Part I: Military and contractor headcounts

## IRAQ

### “Boots on the Ground” vs. contractor personnel in Iraq

For Iraq, Figure E-1 depicts the number of U.S. military personnel (Boots on the Ground–BOG) and the number of Defense contractor personnel, both on a quarterly fiscal-year basis. Reporting of contractor census began in the first quarter FY 2008. As can be seen from the figure, Defense military personnel and contractor personnel closely track one another, in nearly a 1:1 ratio, although in the last few quarters as the number of military has drawn down, contractor personnel have declined at a slower pace, so now they substantially outnumber the military personnel.

Figure E-1. Boots on the Ground vs. contractor personnel in Iraq<sup>2</sup>



**Source:** Military Boots on the Ground—Congressional Research Service Request for Boots-on-the-Ground (BOG) for Iraq/OND and Afghanistan/OEF, prepared by Office of the Chairman, Joint Chiefs of Staff (JCS). Final two BOG data points are for January 10, 2011 and May 11, 2011 as reported by Defense, Joint Staff, Summary and Monthly Boots on the Ground Reports to Congress; Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of responsibility, Iraq and Afghanistan, prepared by DASD (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.

2. “Boots on the Ground” denotes a series of monthly data reports sent to Congress by the Department of Defense since 2008.

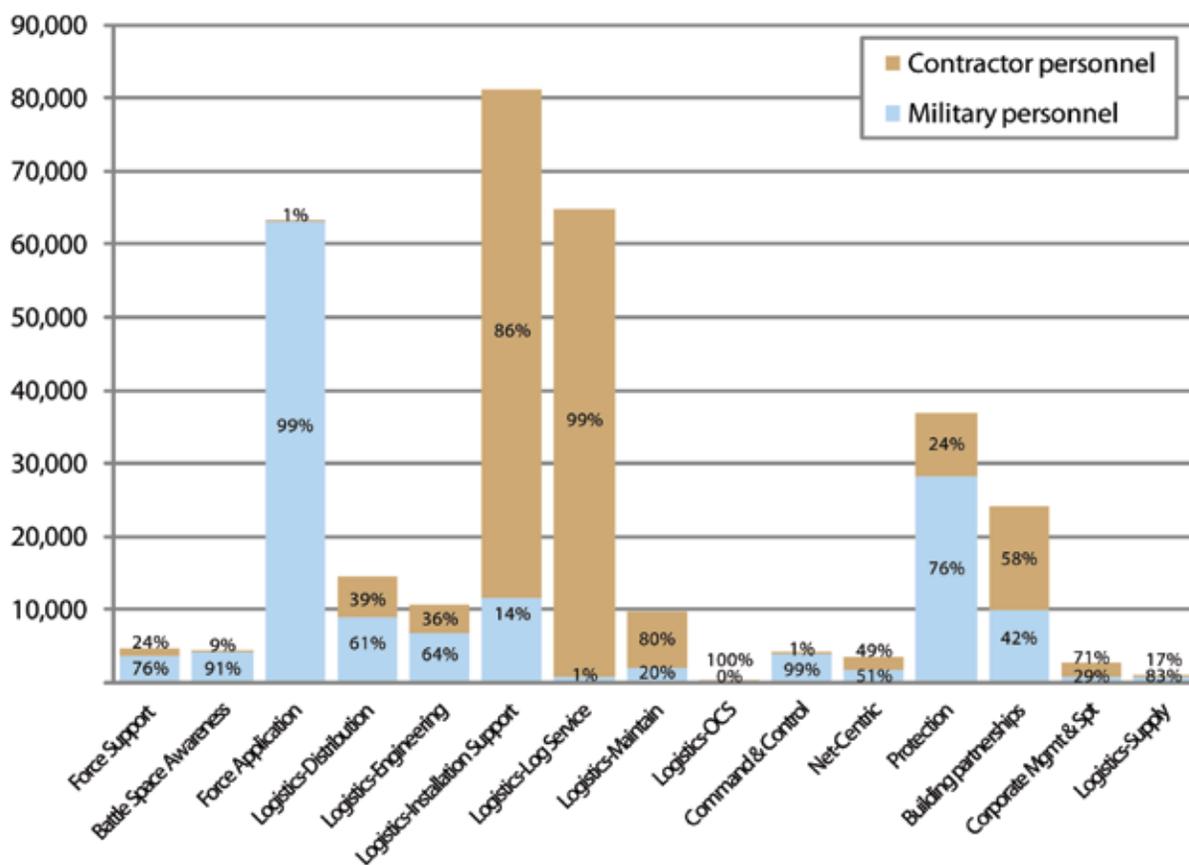
## JCS military and contractor personnel by function in Iraq

Third quarter FY 2008

Figure E-2 shows the results of a one-time Joint Chiefs of Staff (JCS) study of reliance on Defense contractor personnel. It compares the number of military and Defense contractor personnel performing each of 15 functions during the third quarter FY 2008. Clearly the number of Defense contractor personnel is much higher than the number of military personnel in Logistics Services, Installation Support, Maintenance, and Corporate Management and Support. Defense contractors are also significant percentages of the total workforce in Building Partnerships, Net-Centric, Distribution, and Engineering.

Figure E-2. JCS military and contractor personnel by function in Iraq

Third quarter FY 2008

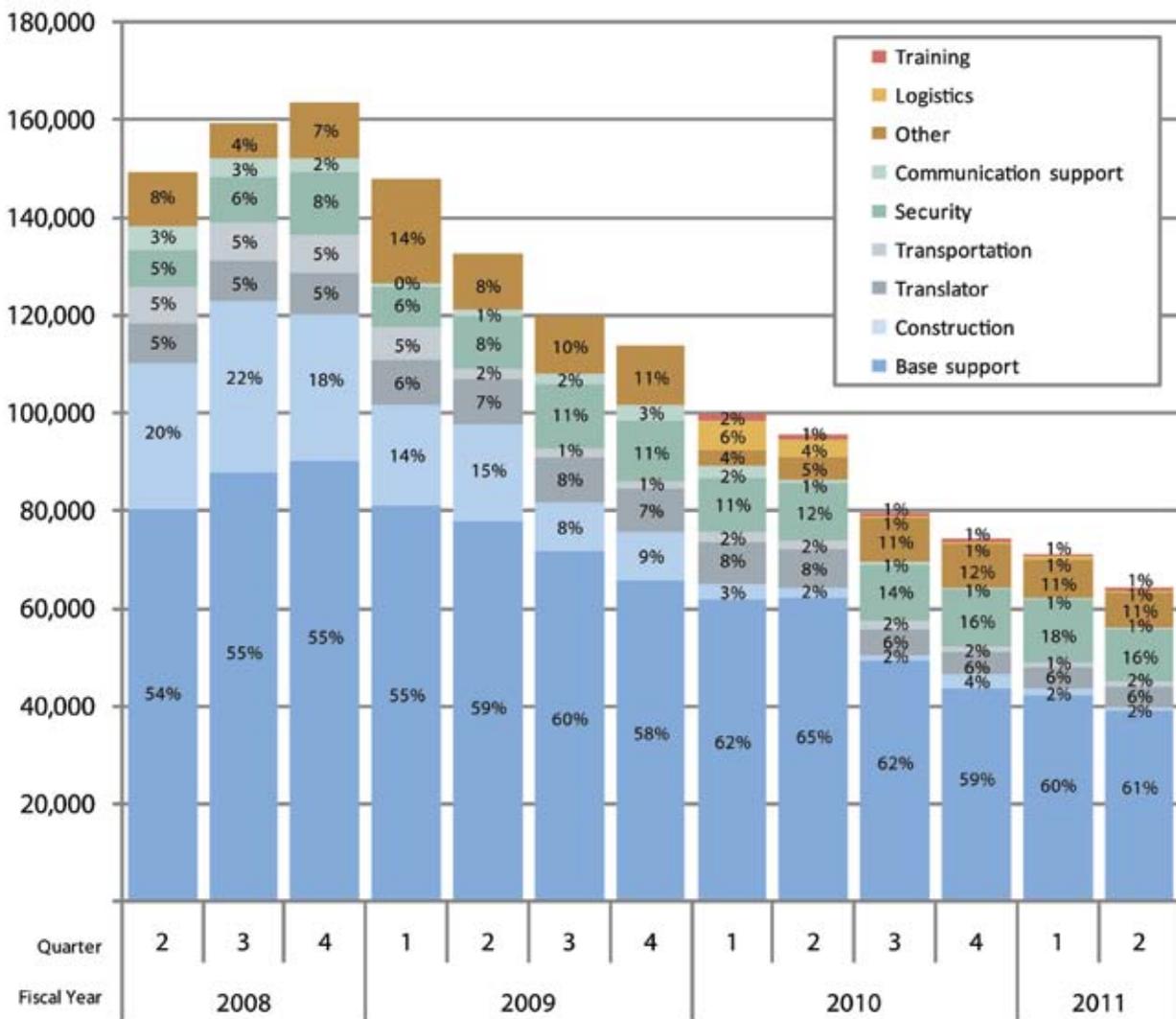


**Source:** CJCS Dependence on Contractor Support in Contingency Operations Task Force Report, "An Evaluation of the Range and Depth of Service Contract Capabilities in Iraq and Implications for OCS Planning," presented to Commission by CAPT Pete Stamatopoulos, Supply Corps, U.S. Navy JS J-4 Chief, Logistics Services Division, March 24, 2010, 21.

## Defense contractor personnel by function in Iraq

Figure E-3 depicts the breakdown by type of work performed by Defense contractor personnel in Iraq. These breakouts have been available quarterly since the second quarter FY 2008. It shows that the bulk of Defense contractor workforce, between about 55 and 65 percent, has been providing base-support services. Construction workers have declined in number and as a percentage of the workforce. The number and percentage of security workers, however, generally has risen.

Figure E-3. Defense contractor personnel by function in Iraq

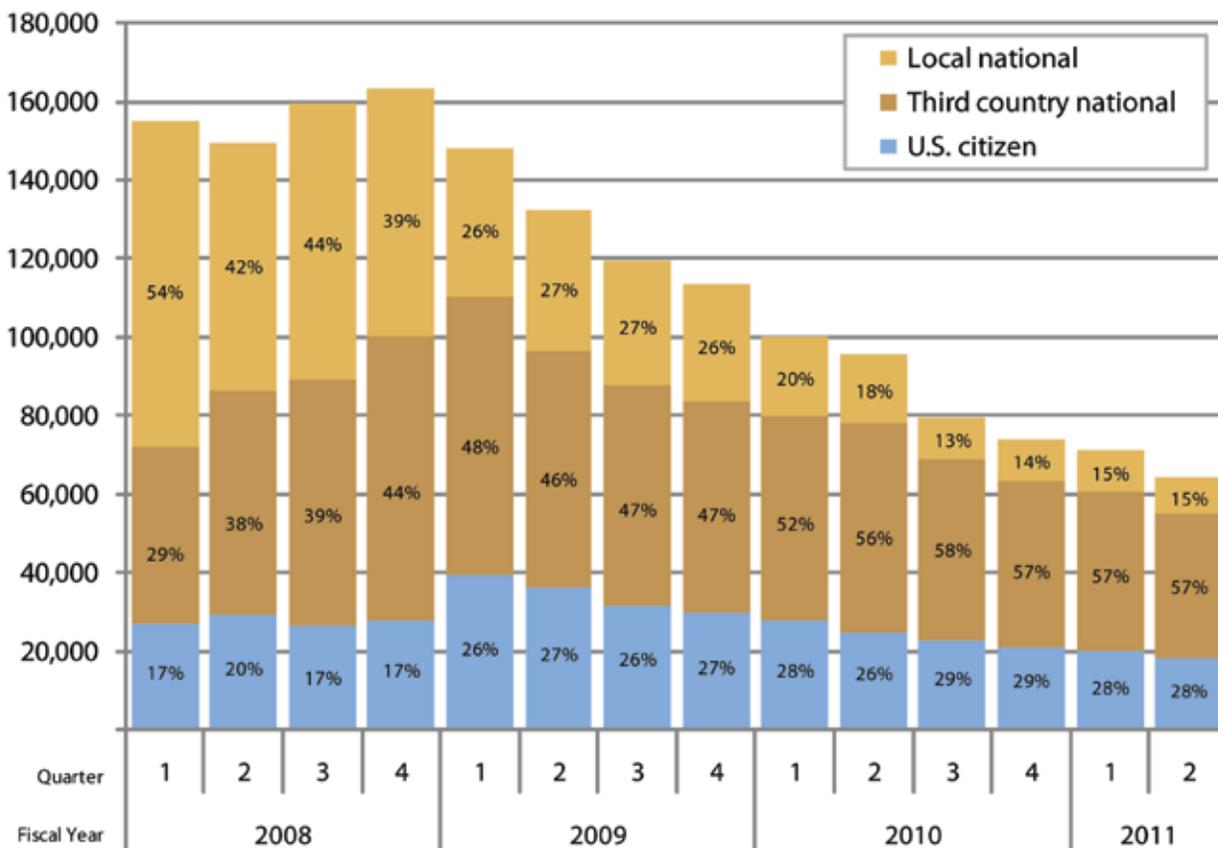


**Source:** Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of responsibility, Iraq and Afghanistan, prepared by Deputy Assistant Secretary of Defense (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.

## Defense contractor personnel by nationality in Iraq

Figure E-4 depicts Defense contractor personnel by nationality in Iraq starting with the first quarter FY 2008 census. While the number of U.S. citizens has remained relatively constant over the period, their percentage has increased as other workers have left during the drawdown of troops. In particular, the number and percentage of LNs has dropped fairly dramatically both in number and as a percentage of the workforce.

Figure E-4. Defense contractor personnel by nationality in Iraq



**Source:** Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of responsibility, Iraq and Afghanistan, prepared by DASD (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.

## Workforce nationality by activity performed in Iraq

Table E-1 is a one-time-only snapshot of the workforce in Iraq as of June 20, 2009. While it shows that U.S. citizens work in all areas, they are dominant in maintenance, training, communications support, and other, although the overall percentage of U.S. citizens is only 26 percent. Nearly half the workforce is TCNs, who primarily work in base support and security. LNs dominate in construction, as translators/interpreters, and in transportation. Note that the division of personnel by nationality in this June 20, 2009 breakout conforms closely to that shown for the third quarter FY 2009 in Figure E-4.

**Table E-1. Workforce nationality by activity performed in Iraq**

As of June 20, 2009

Mission Category	Total (% of total)	U.S.	TCN	Iraqi LN
Base life support	71,783 (60%)	18,093	43,821	9,869
Security	13,145 (11%)	773	8,686	3,686
Construction	10,090 (8%)	184	1,609	8,297
Translators/interpreters	9,128 (8%)	2,390	0	6,738
Log/maintenance	3,800 (3%)	2,778	708	314
Training	2,694 (2%)	2,397	243	54
Communications support	2,183 (2%)	2,070	65	48
Transportation	1,616 (1%)	28	224	1,364
Other	5,267 (4%)	2,828	769	1,670
<b>Total</b>	119,706	31,541 (26%)	56,125 (47%)	32,040 (27%)

**Source:** Brig. Gen. William N. Phillips, Commanding General, Joint Contracting Command—Iraq/Afghanistan, memorandum, "Contractor Support of Multi-National Force-Iraq (MNF-I) Operations," July 17, 2009.

## Civilian agency contractor and assistance personnel in Iraq

Table E-2 lists the headcount of contractor and assistance personnel in Iraq for USAID and State. USAID and State contractor and assistance personnel have remained nearly constant.

**Table E-2. Civilian agency contractor and assistance personnel in Iraq**

Fiscal Year	USAID	State
<b>2010*</b>	3,409	9,591
<b>2009</b>	3,347	10,606
<b>2008</b>	2,707	----

\*USAID and State numbers as of March 31, 2010.

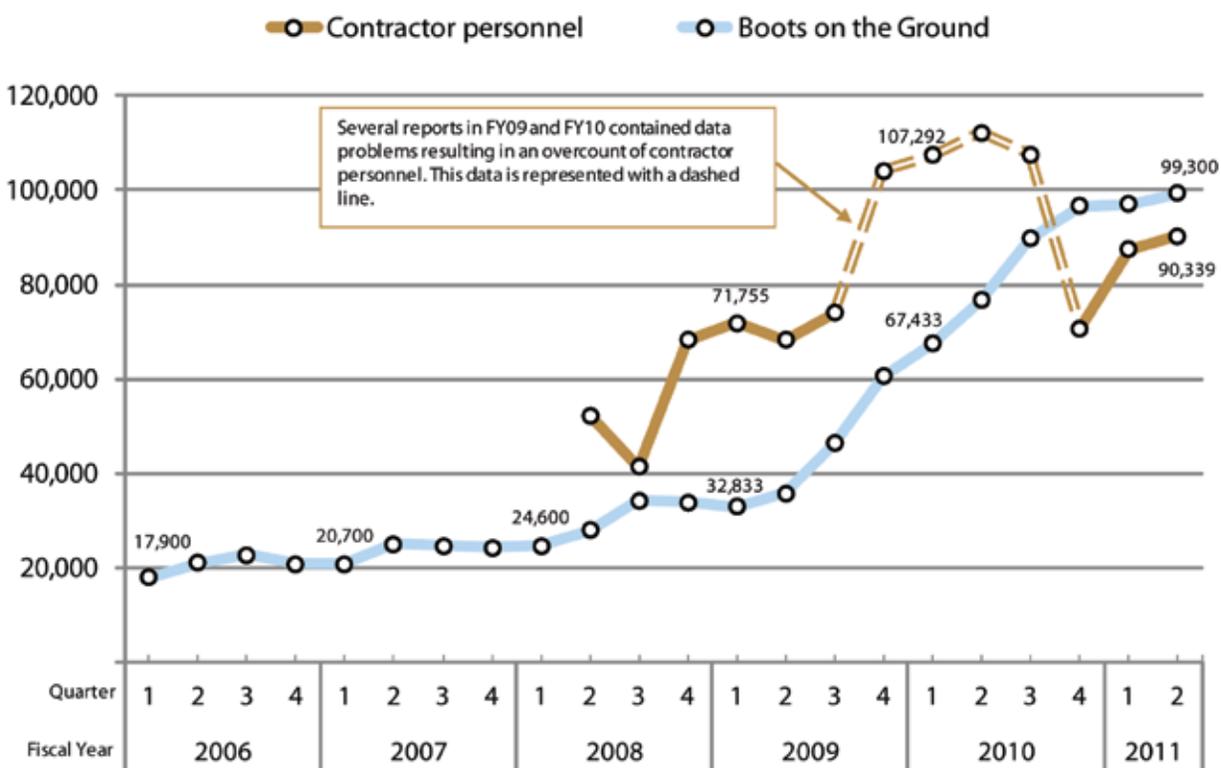
**Source:** GAO Report 11-1, "Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel," October 2010, 44-45; GAO Report 10-1, "Contingency Contracting: DOD, State, and USAID Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," October 2009, 13.

## AFGHANISTAN

### “Boots on the Ground” vs. contractor personnel in Afghanistan

For Afghanistan, Figure E-5 depicts the number of U.S. military personnel and the number of Defense contractor personnel, each on a quarterly fiscal-year basis. The contractor census data for Defense started in the second quarter FY 2008. For several reports in FY 2009 and FY 2010, data problems resulted in an over-count of Defense contractor personnel. The numbers displayed here for that period contain the over-count since there is no way for Defense to correct the error. We believe that the values reported in the last three quarters are correct.

Figure E-5. Boots on the Ground vs. contractor personnel in Afghanistan

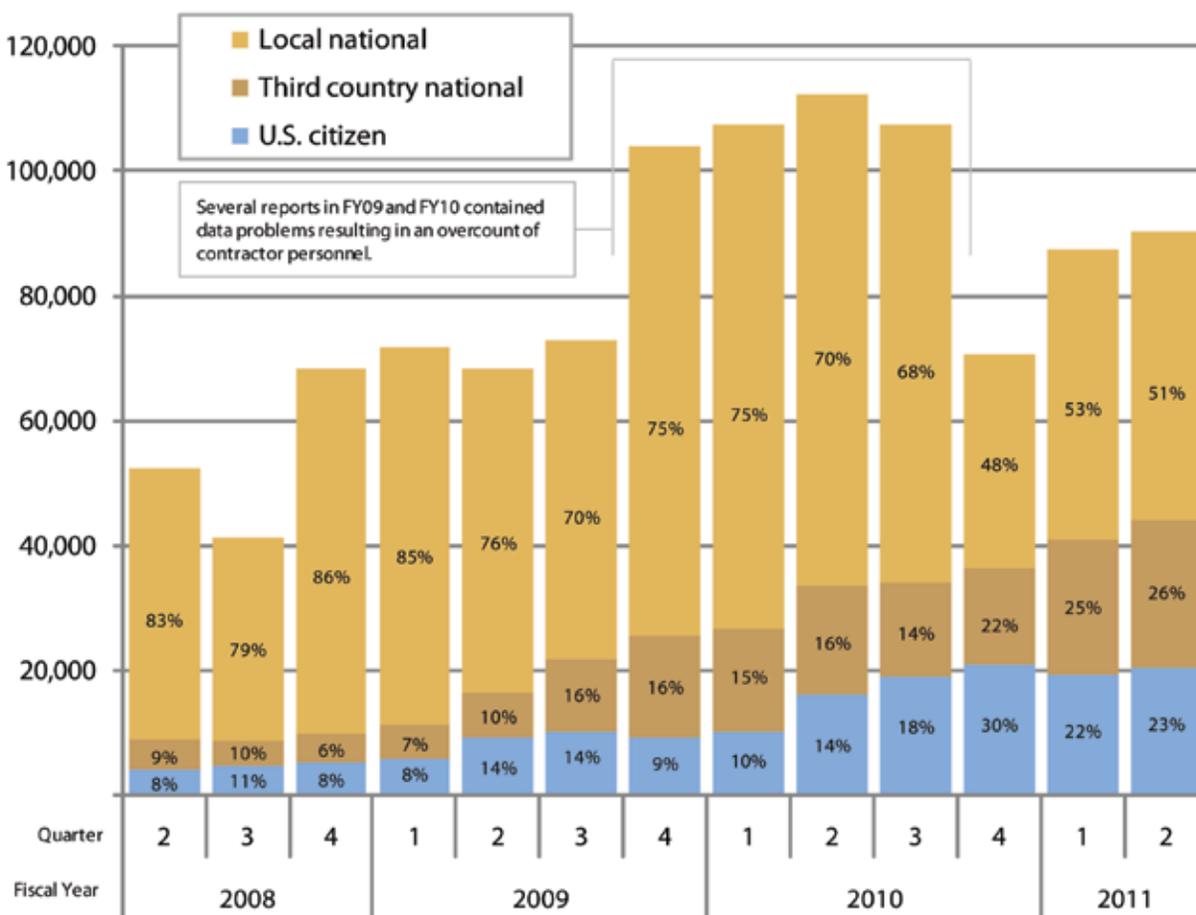


**Source:** Military Boots on the Ground—Congressional Research Service Request for Boots-on-the-Ground (BOG) for Iraq/OND and Afghanistan/OEF, prepared by Office of the Chairman, JCS; Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of Responsibility, Iraq and Afghanistan, prepared by DASD (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.

## Defense contractor personnel by nationality in Afghanistan

Figure E-6 depicts Defense contractor personnel by nationality in Afghanistan starting with the second quarter FY 2008 census. As noted above, for several reports in FY 2009 and FY 2010, data problems resulted in an unknown over-count of Defense contractor personnel and are displayed as reported. The numbers and percentage of the workforce of U.S. citizens and of TCNs has grown from period to period, with the number of LNs remaining somewhat more constant.

Figure E-6. Defense contractor personnel by nationality in Afghanistan



**Source:** Defense Contractor employees—Contractor Support of U.S. Operations in the USCENTCOM area of responsibility, Iraq and Afghanistan, prepared by DASD (Program Support) quarterly February 2009 to present, prepared by Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) prior to February 2009.

## Civilian agency contractor and assistance personnel in Afghanistan

Table E-3 lists the headcount of contractor and assistance personnel in Afghanistan for USAID and State. Growth in USAID contractor and assistance personnel since 2008 has been substantial.

**Table E-3. Civilian agency contractor and assistance personnel in Afghanistan**

Fiscal Year	USAID	State
2010*	32,359	9,719
2009	34,237	8,846
2008	12,955	---

\*USAID and State numbers as of March 31, 2010.

**Source:** GAO Report 11-1, "Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel," October 2010, 44-45; GAO Report 10-1, "Contingency Contracting: DOD, State, and USAID Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," October 2009, 13.

## Part II: Supplier data

The data presented in the next two sections were obtained from the Federal Procurement Data System-Next Generation (FPDS-NG) and USAspending.gov.

FPDS-NG is the single authoritative repository for federal procurement-award data and USAspending.gov is a searchable website which includes information on grants and cooperative agreements. We used FPDS-NG to identify contract actions undertaken in support of contingency operations in Iraq and Afghanistan. We extracted contract-action data covering the time period October 1, 2001 through March 31, 2011 (FY 2002–first half of FY 2011) for those actions coded as place of performance in Iraq, Afghanistan, Kuwait, Bahrain, and Qatar, as well as Pakistan, Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan, which are referred to later in this section as “other.”

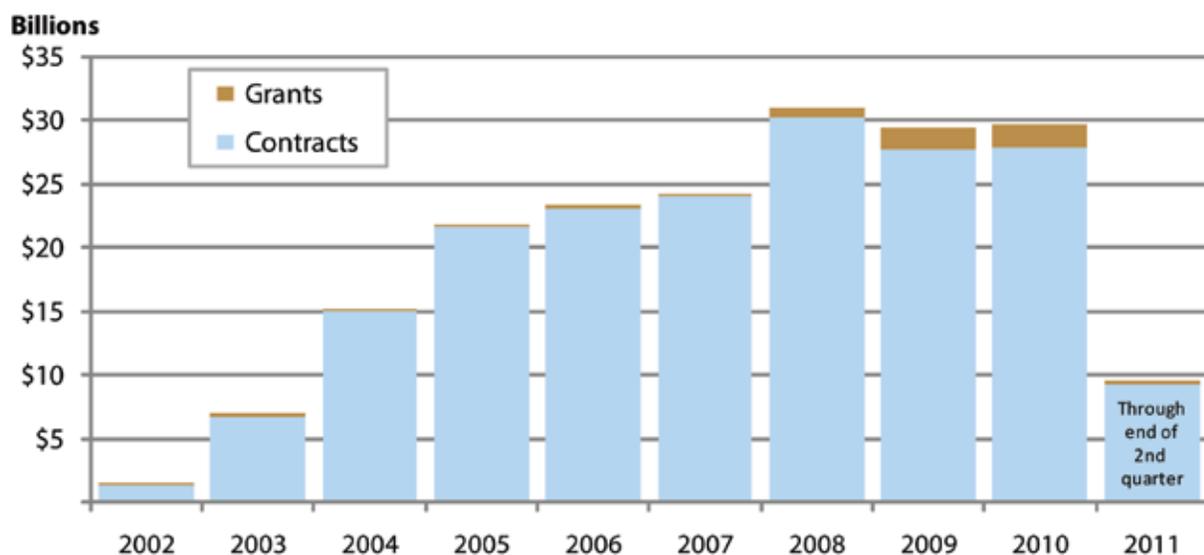
### Obligations and grants

Figure E-7 shows annual contract obligations from FPDS-NG. It is based on the place of performance in one of the aforementioned countries during FY 2002 through the end of the second quarter FY 2011. While some spending in the countries outside of Afghanistan and Iraq would be for indigenous support, the bulk of the obligations during this time period are believed to have resulted from support to Iraq and Afghanistan, and therefore we included these obligations. Figure E-7 also depicts grants data from USAspending.gov, where the place of performance was indicated as Iraq or Afghanistan. Grants and assistance performed outside of Iraq and Afghanistan are not included in the grants value shown.

Note that our estimate of spending in support of contingency operations in Iraq and Afghanistan is based on actions with place of performance in Iraq, Afghanistan, or the other neighboring countries indicated above. This estimate is conservative because it omits spending elsewhere, where some or all of the spending was for contingency support. For example, mine-resistant, ambush-protected (MRAP) vehicles and tethered-aerostat radar systems for surveillance that are produced in the U.S. but used in Iraq and/or Afghanistan would not be included in our total spending estimate using this methodology.

Defense, State, and USAID contract and grant spending total about \$192.5 billion, of which about \$187.2 billion is contracts and \$5.3 billion is grants and assistance by State and USAID.

Figure E-7. Summary of contract obligations and grants in support of Afghanistan and Iraq



Source: FPDS-NG and USAspending.gov, FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Top contractors

As shown in Table E-4 below, the top 23 companies (out of over 7,000), each with more than \$1 billion in obligations, account for approximately 75 percent, or \$139 billion, of the \$187.2 billion obligated on contracts from FY 2002 through the end of the second quarter FY 2011 as reported in the FPDS-NG (not including \$5.3 billion in grants). The “Miscellaneous Foreign Contractors” category, which is second largest, represents an unknown number of individual companies. This category is often used for the purpose of obscuring the identification of the actual contractor. Where possible, we consolidated company totals to take into account misspellings or different spellings that occur in FPDS-NG. For example, DynCorp; DynCorp International; DynCorp Technical Services, Inc.; DynCorp International Limited Liability Company; DynCorp International LLC; and DynCorp Intl were various “vendor names.” They were consolidated to arrive at a total award amount for the company.

**Table E-4. Top contractors**

<b>Contractor</b>	<b>Obligations</b>
Kellogg Brown & Root	\$40,809,523,872
<i>“Miscellaneous Foreign Contractors”</i>	38,469,964,913
Agility	8,997,331,923
DynCorp	7,400,931,324
Kuwait Petroleum Corporation	4,996,816,548
Fluor Intercontinental, Inc.	4,980,491,549
The Bahrain Petroleum Company	4,972,411,826
Combat Support Associates	3,574,716,549
ITT Federal Services International	3,373,303,718
The Louis Berger Group Inc.	2,334,985,976
International Oil Trading Company, LLC	2,132,465,619
Readiness Management Support, LC	2,025,615,609
L-3 Communications	1,724,298,992
Red Star Enterprises LTD	1,662,505,265
IAP Worldwide Services, Inc.	1,512,551,618
Environmental Chemical Corporation	1,496,535,802
Perini Corporation	1,475,913,905
Blackwater Lodge and Training Center, Inc.	1,457,774,831
Contrack International Inc.	1,357,523,598
Triple Canopy Inc.	1,167,982,337
DAI/Nathan Group LLC	1,092,399,269
Washington Group International	1,082,488,343
BearingPoint, LLC	1,029,116,382
<b>Total</b>	<b>\$139,127,649,771</b>

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Top goods and services purchased

Table E-5 below shows the 15 largest categories of products and services bought in support of operations in Iraq and Afghanistan from FY 2002 through the end of the second quarter FY 2011. The \$139.7 billion in obligations represented by these top products and services as reported in FPDS-NG add up to approximately 75 percent of the total obligations. Such data can provide a useful guide for future planning purposes. The use of product or service code "9999" by government contracting personnel for miscellaneous items has been widely used and limits our ability to accurately portray all categories of war spending.

**Table E-5. Largest categories of products and services acquired for Iraq and Afghanistan**

<b>Code</b>	<b>Product or service code description</b>	<b>Obligations</b>	<b>% of Total obligations</b>
R706	Logistics support services	\$46,501,547,395	25%
9999	Miscellaneous items	25,732,014,855	14%
9130	Liquid propellants or fuel-petroleum base	16,652,161,060	9%
Y199	Construction of miscellaneous buildings	10,463,213,899	6%
8910	Dairy foods and eggs	6,623,554,123	4%
R421	Technical assistance	5,503,840,044	3%
R499	Other professional services	5,237,673,990	3%
S206	Guard services	3,806,774,413	2%
Z111	Maintenance, repair, or alteration of office buildings	3,526,532,535	2%
Y111	Construction of office buildings	2,991,904,074	2%
X300	Lease or rental of restoration of real property	2,782,985,687	1%
9140	Fuel oils	2,689,797,800	1%
S216	Facilities operations support services	2,469,785,092	1%
R408	Program management/support services	2,371,459,280	1%
J023	Maintenance and repair of ground effect vehicles, motor vehicles, trailers, and cycles	2,369,125,809	1%
<b>Largest categories of products and services acquired for Iraq and Afghanistan, total</b>		<b>\$139,722,370,056</b>	<b>74.6%</b>

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Concentration ratios for top four contractors by product or service code

Table E-6 below shows the concentration of vendors as measured by the percentage of total awards to the top four firms in each product or service code listed. Concentration ratios showing the market share of the top firms are often used as an indication of market power when considering the competitive characteristics of a market. A concentration ratio of over 80 percent by the top four firms indicates a very highly concentrated market. As noted below, many of the top product or service-code categories are highly concentrated with the top four firms receiving over 80 percent of the contracts in each category. In some cases a single firm alone has over 80 percent of the market share.

**Table E-6. Concentration ratios for top four contractors by product or service code**

Code	Product or service code description	FY 2002-end of 2nd Quarter FY 2011 Obligations	Low concentration	Moderate concentration	High concentration
R706	Logistics support services	\$46,501,547,395			X <sup>1</sup>
9999	Miscellaneous items	25,732,014,855			
9130	Liquid propellants or fuel-petroleum base	16,652,161,060		X	
Y199	Construction of miscellaneous buildings	10,463,213,899		X	
8910	Dairy foods and eggs	6,623,554,123			X <sup>2</sup>
R421	Technical assistance	5,503,840,044		X	
R499	Other professional services	5,237,673,990		X	
S206	Guard services	3,806,774,413		X	
Z111	Maintenance, repair, or alteration of office buildings	3,526,532,535		X	
Y111	Construction of office buildings	2,991,904,074		X	
X300	Lease or rental of restoration of real property	2,782,985,687			X <sup>3</sup>
9140	Fuel oils	2,689,797,800			X
S216	Facilities operations support services	2,469,785,092			X <sup>4</sup>
R408	Program management/support services	2,371,459,280		X	
J023	Maintenance and repair of ground-effect vehicles, motor vehicles, trailers, and cycles	2,369,125,809			X <sup>5</sup>

1. One vendor accounts for 79 percent of the obligations.
2. One vendor accounts for 92 percent of the obligations.
3. One vendor accounts for 99 percent of the obligations.
4. One vendor accounts for 73 percent of the obligations.
5. One vendor accounts for 67 percent of the obligations.

**Note:** Based on obligations to the top four companies. "Low Concentration" indicates top four firms account for less than 20 percent of obligations. "Moderate Concentration" means top four firms have 20 to 80 percent. "High Concentration" means top four firms have more than 80 percent.

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Largest contracts

Tables E-7 through E-9 depict the largest contracts in support of Iraq and Afghanistan. Consolidating all the actions (delivery orders, task orders, and modifications) under the contract to which they relate shows the high dollar value of a few contracts. For example, the largest 15 contracts in Iraq account for over 48 percent of the total contract dollars obligated in Iraq.

Table E-7. Largest 15 contracts in Iraq

Iraq					
IDV/contract #	Code	Product or service code description	Contractor	Product or service code subtotal	IDV/contract total
DAAA0902D0007	AD23	Services (advanced)	Kellogg Brown & Root	\$576,026	
	R706	Logistics support services		30,272,068,379	
	<b>DAAA0902D0007 Total</b>				<b>\$30,272,644,405</b>
DACA6303D0005	3835	Petroleum production-dist eqpt	Kellogg Brown & Root	(3,195,723)	
	X300	Lease-rent of restoration		2,779,891,885	
	Y300	Construct/restoration		5,322,398	
	Z299	Maint, rep/alter/all other		244,800,000	
	Z300	Maint, rep-alt/restoration		(942,737)	
	<b>DACA6303D0005 Total</b>				<b>\$3,025,875,823</b>
SLMAQM04C0030	AD25	Services (operational)	DynCorp	58,398,484	
	R408	Program management/support services		789,477,225	
	R499	Other professional services		1,293,398,272	
	Z169	Maint-rep-alt/other residential bldg		1,406,636	
	<b>SLMAQM04C0030 Total</b>				<b>\$2,142,680,617</b>
SP060007D0483	9130	Liquid propellants-petroleum base	International Oil Trading Company Limited		1,081,175,104
W91GXX05D0001	9999	Miscellaneous items	Miscellaneous Foreign Contractors		1,068,938,580
SP060009D0515	9130	Liquid propellants-petroleum base	International Oil Trading Company Limited		1,051,290,515
W91GY005D0001	9999	Miscellaneous items	Miscellaneous Foreign Contractors		1,036,119,038
SAQMPO5D1098	S206	Guard services	Blackwater Lodge and Training Center, Inc.		976,971,154

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Table E-7. Largest 15 contracts in Iraq (continued)

W912ER04D0004	AD25	Services (operational)	Fluor Intercontinental, Inc.	8,028,049	
	Y199	Construct/misc bldgs		387,948,951	
	Z299	Maint, rep/alter/all other		448,532,115	
<b>W912ER04D0004 Total</b>					<b>\$844,509,116</b>
FA890304D8672	C119	Other buildings	Environmental Chemical Corporation	10,193,659	
	C130	Restoration		3,332,433	
	C219	Other architects & engin gen		142,290,826	
	Y199	Construct/misc bldgs		38,505,763	
	Z111	Maint-rep-alt/office bldgs		619,648,232	
<b>FA890304D8672 Total</b>					<b>\$813,970,913</b>
W91GXY05D0001	9999	Miscellaneous items	Miscellaneous Foreign Contractors		713,018,409
W912ER04D0008	Y112	Construct/conf space & facilities	Perini Corporation	25,385,608	
	Y159	Construct/other industrial bldgs		184,085,287	
	Y199	Construct/misc bldgs		503,341,340	
	Z199	Maint-rep-alt/misc bldgs		(304,336)	
<b>W912ER04D0008 Total</b>					<b>\$712,507,899</b>
AIDDFDI000500221	R421	Technical assistance	Management Systems International, Inc		633,766,006
W91GDW07D7001	9999	Miscellaneous items	Miscellaneous Foreign Contractors		596,142,189
SAQMPD05D1100	S206	Guard services	Triple Canopy Inc.		587,587,401
<b>Largest 15 contracts in Iraq, total</b>					<b>\$45,557,197,168</b>

Source: FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

Similarly, Table E-8 shows that the largest 15 contracts in Afghanistan represent 35 percent of the total contract obligations there.

**Table E-8. Largest 15 contracts in Afghanistan**

<b>Afghanistan</b>					
<b>IDV/contract #</b>	<b>Code</b>	<b>Product or service code description</b>	<b>Contractor</b>	<b>Product or service code subtotal</b>	<b>IDV/contract total</b>
DAAA0902D0007	R706	Logistics support services	Kellogg Brown & Root		\$3,289,414,148
W52P1J07D0008	R706	Logistics support services	Fluor Intercontinental, Inc.		3,148,524,268
SLMAQM04C0030	R408	Program management/ support services	DynCorp	614,914,064	
	R499	Other professional services		1,025,555,185	
	R699	Other administrative support services		294,415,830	
	R706	Logistics support services		35,199,129	
	U003	Reserve training (military)		27,025,878	
		<b>SLMAQM04C0030 Total</b>			<b>\$1,997,110,086</b>
W52P1J07D0007	R706	Logistics support services	DynCorp		1,838,598,750
SP060008D1017	9130	Liquid propellants-petroleum base	Red Star Enterprises LTD		1,288,961,591
F3460197D0425	J015	Maint-rep of aircraft	L-3 Communications AeroSpace LLC	637,066,104	
	J016	Maint-rep of aircraft components		457,218,165	
		<b>F3460197D0425 Total</b>			<b>\$1,094,284,269</b>
AID306I000600517	AD66	Construction (management/support)	The Louis Berger Group Inc.	112,107,761	
	C123	Electric power generation (EPG)		12,476,186	
	C214	A&E management engineering services		2,542,200	
	R421	Technical assistance		851,455,607	
	R425	Engineering and technical services		7,886,941	
	R499	Other professional services		7,040,000	
		<b>AID306I000600517 Total</b>			<b>\$993,508,695</b>
W912ER04D0003	R799	Other management support services	Contrack International Inc.	13,638,172	
	Y124	Construction of airport runways		2,242,231	

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Table E-8. Largest 15 contracts in Afghanistan (continued)

	Y129	Construct/other airfield structures		5,702,355	
	Y199	Construct/misc bldgs		692,178,813	
<b>W912ER04D0003 Total</b>					<b>\$713,761,571</b>
AID306C000700508	R421	Technical assistance	BearingPoint, LLC		597,114,315
W9113M07D0006	AC23	R&D-missile & space sys - advanced dev	Lockheed Martin Integrated Systems Inc.		528,784,882
W912BU05D0004	C123	Electric power generation (EPG)	Inglett & Stubbs, LLC	423,123,517	
	C124	Utilities		22,039,134	
	S112	Electric services		31,544,664	
	Y127	Construct/elct & comms systems facilities		14,391,473	
	Y249	Construction of other utilities		5,046,427	
<b>W912BU05D0004 Total</b>					<b>\$496,145,214</b>
W91CRB05D0014	R499	Other professional services	MPRI, Inc.		471,952,442
FA890306D8505	Y111	Construction of office buildings	Lakeshore Engineering Services	0	
	Y199	Construct/misc bldgs		320,216,734	
	Z111	Maint-rep-alt/office bldgs		116,100,017	
<b>FA890306D8505 Total</b>					<b>\$436,316,751</b>
SAQMMA10C0255	Y111	Construction of office buildings	Caddell Construction Co., Inc.		416,029,000
SLMAQM04C0033	6910	Training aids	PAE Government Services Inc.	52,196,215	
	R408	Program management/support services		168,156,608	
	R421	Technical assistance		83,742,733	
	R499	Other professional services		103,118,225	
<b>SLMAQM04C0033 Total</b>					<b>\$407,213,781</b>
<b>Largest 15 contracts in Afghanistan, total</b>					<b>\$17,717,719,763</b>

Source: FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

Finally, Table E-9 shows the largest five contracts in Kuwait, Bahrain, Qatar, and "other." The majority of the contracts are for fuel or liquid propellants-petroleum base.

**Table E-9. Largest five contracts in Kuwait, Bahrain, Qatar, and other**

<b>Kuwait, Bahrain, Qatar, and other</b>						
<b>Place of Performance</b>	<b>IDV/contract #</b>	<b>Code</b>	<b>Product or service code description</b>	<b>Contractor</b>	<b>Product or service code subtotal</b>	<b>IDV/PIID Total</b>
Kuwait	DASA0299C1234	M199	Oper of govt misc bldgs	Combat Support Associates	\$68,331,285	
		R706	Logistics support services		3,506,385,264	
		<b>DASA0299C1234 Total</b>				<b>\$3,574,716,549</b>
Kuwait	SPM30008D3196	8910	Dairy foods and eggs	Agility	2,377,326,181	
		8920	Bakery and cereal products		350,190,025	
		<b>SPM30008D3196 Total</b>				<b>\$2,727,516,206</b>
Kuwait	DAAA0902D0007	R706	Logistics support services	Kellogg Brown & Root		2,501,808,816
Kuwait	W91RUS06C0002	D304	ADP svcs/ telecomm & transmission	ITT Federal Services International		1,293,597,404
Kuwait	W52P1J05D0003	J023	Maint-rep of vehicles-trailers-cycles	ITT Federal Services International		1,234,539,376
Bahrain	SP060009D0453	9130	Liquid propellants-petroleum base	The Bahrain Petroleum Company		1,750,998,108
Bahrain	SP060008D0455	9130	Liquid propellants-petroleum base	The Bahrain Petroleum Company		533,399,399
Bahrain	SP060006D0453	9140	Fuel oils	The Bahrain Petroleum Company		391,156,700
Bahrain	SP060007D0461	9130	Liquid propellants-petroleum base	The Bahrain Petroleum Company		380,279,157
Bahrain	SP060005D0454	9140	Fuel oils	The Bahrain Petroleum Company		295,697,846
Qatar	SP060008D1033	9140	Fuel oils	Qatar Fuel		405,688,867
Qatar	DAAA0902D0007	R706	Logistics support services	Kellogg Brown & Root		277,947,505
Qatar	SP060003D0455	9130	Liquid propellants-petroleum base	National Oil Distribution Comp		219,749,735

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Table E-9. Largest five contracts in Kuwait, Bahrain, Qatar, and other (continued)

Qatar	F0863702D6999	S202	Fire-protection services	Readiness Mgt Support	128,205	
		S216	Facilities-operations support svcs	Readiness Mgt Support	212,470,358	
		<b>F0863702D6999 Total</b>				<b>\$212,598,563</b>
Qatar	SP060002D0454	9130	Liquid propellants-petroleum base	National Oil Distribution Comp		178,003,450
Pakistan	SAQMMA10C0284	Y111	Construction of office buildings	BL Harbert International LLC		487,282,331
Krygyzstan	SP060007D1007	9140	Fuel oils	Mina Corp LTD		354,025,588
Krygyzstan	SP060011D1000	9130	Liquid propellants-petroleum base	Mina Corp LTD		315,180,960
Pakistan	SP060008D0484	9130	Liquid propellants-petroleum base	Nordic Camp Supply ApS		221,575,373
Pakistan	SP060005D0496	9130	Liquid propellants-petroleum base	Shell Aviation LTD		128,514,940
<b>Largest five contracts in Kuwait, Bahrain, Qatar, and other, total</b>						<b>\$17,484,276,875</b>

Source: FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Part III: Contract characteristics

FPDS-NG enables us to describe a number of the characteristics of the contracts in support of operations in Iraq and Afghanistan. The characteristics measured include an analysis of the concentration of contract actions, a separate analysis of contract types, contract methods, number of offers received, and extent competed. Generally we note that there are high concentrations of dollars in most areas.

### Concentration analysis

Table E-10 shows the spending by place of performance for each year, as well as the number of actions and values that represent 80 percent of total spending. For example, in FY 2010 there were 17,224 contract actions reported in Iraq totaling nearly \$7.7 billion, but only 255 of those actions (1.48 percent) accounted for 80 percent of the dollars obligated (about \$6.1 billion). The same calculation annually for each place of performance shows that this pattern is fairly typical. In FY 2005-FY 2007, there is a reporting difference that could not be explained, but the overall finding is of extremely heavy concentration of dollars in a tiny fraction of the actions. Also note that a “record” in FPDS-NG may contain more than a single contract action.

**Table E-10. Proportion of contract actions accounting for 80 percent of dollar obligations in Iraq and Afghanistan**

Iraq						
		Total		80% of Dollars		
Fiscal Year	# of FPDS-NG records	Actions	Obligations	Actions	Obligations	% of Actions
2011 (End of 2 <sup>nd</sup> qtr.)	3,202	3,210	\$2,308,956,728	119	\$1,849,043,783	3.71%
2010	16,184	17,224	7,671,900,609	255	6,137,520,487	1.48
2009	16,899	17,926	11,153,301,471	127	8,927,882,099	0.71
2008	27,185	27,920	16,224,162,355	409	12,979,483,463	1.46
2007	20,894	31,432	14,292,190,498	5,602	11,445,562,753	17.82
2006	9,755	15,440	14,177,539,877	3,076	11,345,131,907	19.92
2005	2,702	17,874	15,693,369,788	5,448	12,553,417,248	30.48
2004	979	979	9,761,432,534	74	7,820,128,426	7.56
2003	184	201	3,598,256,148	11	2,899,502,303	5.47
2002	4	4	43,062	1	32,702	25.00
<b>Grand total</b>	<b>97,988</b>	<b>132,210</b>	<b>\$94,881,153,070</b>	<b>15,122</b>	<b>\$75,957,705,171</b>	<b>11.44%</b>

Afghanistan						
		Total		80% of Dollars		
Fiscal Year	# of FPDS-NG records	Actions	Obligations	Actions	Obligations	% of Actions
2011 (End of 2 <sup>nd</sup> qtr.)	16,151	16,173	\$5,020,984,358	218	\$4,017,309,090	1.35%
2010	30,950	32,745	13,549,009,354	391	10,839,492,854	1.19
2009	21,733	22,618	8,863,512,182	411	7,093,279,759	1.82
2008	14,564	15,474	7,713,535,401	225	6,173,744,559	1.45
2007	10,753	14,873	4,224,077,192	1,926	3,380,470,849	12.95
2006	5,360	12,905	3,101,921,547	4,521	2,484,023,289	35.03
2005	992	7,809	2,267,422,186	6,480	1,820,071,625	82.98
2004	444	444	998,376,485	37	801,341,438	8.33
2003	274	274	493,715,724	25	395,300,989	9.12
2002	31	31	146,785,849	2	124,391,000	6.45
<b>Grand total</b>	<b>101,252</b>	<b>123,346</b>	<b>\$46,379,340,278</b>	<b>14,236</b>	<b>\$37,129,425,452</b>	<b>11.54%</b>

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

**Note:** Data do not include grants of under \$500 million in Iraq and nearly \$5 billion in Afghanistan.

## Contract types

Table E-11 shows that the vast bulk of contract actions are fixed price, but the small number of contract actions that are cost-type account for a disproportionate amount of the dollars obligated. For example, in Iraq over 93 percent of the actions are fixed price, but they only represent 46 percent of the dollars, while only 3 percent of the actions are cost-type contracts and they also represent 46 percent of the dollars.

**Table E-11. Contract type by place of performance**

Place/contract type	Total actions	Obligations	% of actions	% of obligations
<b>Iraq</b>	<b>132,210</b>	<b>\$94,881,153,070</b>		
Fixed	123,322	44,005,960,544	93.28%	46.38%
Cost	4,234	43,968,769,624	3.20	46.34
Time and materials	961	3,417,970,079	0.73	3.60
Combination	685	1,999,100,088	0.52	2.11
Labor hour	669	1,432,789,136	0.51	1.51
(Blank)	2,316	33,190,703	1.75	0.03
Other	23	23,372,896	0.02	0.02
<b>Afghanistan</b>	<b>123,346</b>	<b>\$46,379,340,278</b>		
Fixed	117,677	27,079,281,409	95.40	58.39
Cost	2,193	13,776,023,410	1.78	29.70
Time and materials	659	2,372,816,813	0.53	5.12
Combination	440	1,968,678,001	0.36	4.24
Labor hour	149	1,203,154,950	0.12	2.59
Other	19	72,888,385	0.02	0.16
Order dependent	2	13,740,388	0.00	0.03
(Blank)	2,207	(107,243,077)	1.79	-0.23
<b>Other</b>	<b>157,640</b>	<b>\$45,961,057,913</b>		
Fixed	141,755	33,372,872,577	89.92	72.61
Cost	3,031	11,755,559,493	1.92	25.58
Combination	413	530,398,985	0.26	1.15
Time and materials	375	158,531,434	0.24	0.34
(Blank)	11,292	93,477,858	7.16	0.20
Labor hour	743	49,596,501	0.47	0.11
Other	31	621,065	0.02	0.00

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Contract methods

Table E-12 depicts the contract methods used from FY 2002 through the end of the second quarter FY 2011 and shows that the vast bulk of them were delivery orders against indefinite-delivery vehicles (IDVs). The next biggest category as measured by actions is purchase orders, which are typically used for lower-value obligations. In Iraq, for example, 40 percent of actions were completed by purchase order, but these actions only represented 4 percent of the dollars obligated.

**Table E-12. Actions and dollars by award type and place of performance**

Place/award type	Total actions	Total obligations	% of actions	% of total obligations
<b>Iraq</b>	<b>132,210</b>	<b>\$94,881,153,070</b>		
Delivery order	59,074	76,244,664,906	44.68%	80.36%
Definitive contract	16,916	14,435,561,970	12.79	15.21
Purchase order	52,767	4,119,258,556	39.91	4.34
BPA call	3,453	81,667,637	2.61	0.09
<b>Afghanistan</b>	<b>123,346</b>	<b>\$46,379,340,278</b>		
Delivery order	50,076	32,864,923,266	40.60	70.86
Definitive contract	18,707	10,797,334,364	15.17	23.28
Purchase order	47,927	2,176,077,903	38.86	4.69
BPA call	6,636	541,004,745	5.38	1.17
<b>Other</b>	<b>157,640</b>	<b>\$45,961,057,913</b>		
Delivery order	113,866	33,171,469,990	72.23	72.17
Definitive contract	5,954	10,265,792,650	3.78	22.34
Purchase order	21,885	2,494,607,739	13.88	5.43
BPA call	15,935	29,187,533	10.11	0.06

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Number of single offers received

Table E-13 displays the number of times single offers were received and the extent of competition for definitive contracts as reported in FPDS-NG for FY 2002 through the end of the second quarter FY 2011. Data are presented for each agency and for the grand total on an action-count basis. We count only definitive contracts that are initial-award actions and exclude actions that represent modifications to initial awards. Also excluded are the large volume of delivery orders and other awards made as purchase orders and Blanket Purchase Agreements (BPAs).

Table E-13 shows there are 19,666 initial-award definitive contracts by Defense over this period. Of this total, 16,232 (or 82.5 percent) were awarded based on Defense receiving only a single offer. Yet, 15,778 out of the 16,232 single offers were coded as full and open competition because a competitive process was followed. [Note: We do not know whether the benefits of following a competitive process are realized by the government when only a single offer is received.]

**Table E-13. Number of single offers received and competitive status of new definitive contracts**

Department/ initial award (Mod = 0) number of offers received = 1	Competed under simplified acquisition procedures (SAP)	Follow on to com- peted action	Full and open compe- tion	Full and open com- petition after exclu- sion of sources	Not available for com- petition	Not com- peted	Not com- peted under SAP	Blank	Total initial awards - definitive contracts- 1 offer received	Total initial awards- definitive contracts
<b>USAID</b>	1	47	54	19	1	196			318	828
<b>Defense</b>	10	3	15,778	112	86	234	8	1	16,232	19,666
<b>State</b>	10		20	8	10	56	17		121	508
<b>Grand total</b>	21	50	15,852	139	97	486	25	1	16,671	21,002

**Source:** FPDS-NG FY 2002 through end of second quarter FY 2011, data extracted June 12, 2011.

## Contract method and extent of competition

Table E-14 shows the contract methods and extent of competition from FY 2002 through the end of the second quarter FY 2011, as reported in FPDS-NG. Notable is the large dollar-value of delivery orders that are reported as full and open competition. This is the result of a reporting convention that reported all delivery orders under an IDV based on the way the original IDV was reported. So, if a cost-type IDV was originally competed, then each cost-type delivery order under that IDV would also be reported as full and open competition, although the benefits of competition may not have accrued to each delivery order.

Now newer coding conventions—competitive delivery order (CDO) and non-competitive delivery order (NDO)—are to be used. The CDO code is used when firms under a multiple-award IDV are given a fair opportunity to compete on a delivery order. Until the new coding is widely implemented, the true extent of delivery order competition will be hard to determine.

Table E-14. Extent of competition by contract method and by place of performance (obligations)

Place/contract method	Competed under simplified acquisition procedures (SAP)	Competitive delivery order	Follow on to competed action	Full and open competition	Full and open competition after exclusion of sources	Non-competitive delivery order	Not available for competition	Not competed	Not competed under SAP	Un-specified	Grand Total
Iraq	\$97,279,585	\$2,462,132,024	\$115,261,989	\$79,939,453,733	\$2,735,764,053	\$2,064,635,501	\$405,526,427	\$6,457,531,871	\$58,030,955	\$545,536,930	\$94,881,153,070
Delivery order	23,258,384	2,462,132,024	109,839,403	64,594,271,887	1,765,237,958	2,064,635,501	33,733,971	4,684,447,364		507,108,412	76,244,664,906
Definitive contract	16,474,980		4,367,464	11,457,419,292	903,663,500		357,863,323	1,688,459,529	6,629,432	684,450	14,435,561,970
Purchase order	46,884,255		1,037,405	3,887,496,553	66,862,595		1,199,293	84,242,746	20,718,159	69,550	4,119,258,556
BPA call	10,711,966		17,717	266,000			1,931,840	382,233	30,683,364	37,674,518	81,667,637
<b>Afghanistan</b>	<b>\$686,291,601</b>	<b>\$3,964,704,486</b>	<b>\$6,057,563</b>	<b>\$35,199,473,932</b>	<b>\$1,466,105,751</b>	<b>\$1,060,426,723</b>	<b>\$876,643,674</b>	<b>\$2,512,476,885</b>	<b>\$464,860,708</b>	<b>\$142,298,955</b>	<b>\$46,379,340,278</b>
Delivery order	7,090,358	3,964,704,486	5,400,064	23,909,839,557	1,171,361,900	1,060,426,723	734,298,571	1,884,419,638	3,120	127,378,850	32,864,923,266
Definitive contract	632,092,604			9,203,442,295	258,875,257		123,195,835	579,692,700	35,672		10,797,334,364
Purchase order	43,284,894		3,390	2,025,493,198	35,868,594		16,626,957	48,325,547	6,475,324		2,176,077,903
BPA call	3,823,745		654,110	60,698,883			2,522,311	39,000	458,346,591	14,920,105	541,004,745
<b>Other</b>	<b>\$928,473,541</b>	<b>\$178,732,988</b>	<b>\$52,227,768</b>	<b>\$37,618,912,866</b>	<b>\$1,271,553,682</b>	<b>\$47,570,237</b>	<b>\$786,750,703</b>	<b>\$5,017,816,464</b>	<b>\$17,762,973</b>	<b>\$41,256,690</b>	<b>\$45,961,057,913</b>
Delivery order	4,042,826	178,732,988	40,399,315	27,698,937,019	926,639,052	47,474,653	112,800,604	4,126,994,683		35,448,850	33,171,469,990
Definitive contract	18,587,821		4,509,576	9,157,175,191	329,086,368	77,789	146,325,431	602,039,756	7,990,718		10,265,792,650
Purchase order	894,232,617		7,318,877	759,715,616	15,828,262	17,795	519,898,367	288,317,845	9,270,572	7,788	2,494,607,739
BPA call	1,161,027			3,085,040			7,726,301	464,180	501,683	5,800,052	29,187,533
<b>Grand total</b>	<b>\$1,712,044,727</b>	<b>\$6,605,569,499</b>	<b>\$173,547,320</b>	<b>\$152,757,840,531</b>	<b>\$5,473,423,487</b>	<b>\$3,172,632,461</b>	<b>\$2,068,920,805</b>	<b>\$13,987,825,221</b>	<b>\$540,654,636</b>	<b>\$729,092,575</b>	<b>\$187,221,551,260</b>

Source: FPDS-NG FY 2002 through end of second quarter FY 2011 data, extracted June 12, 2011.

## Appendix F

# Comparing costs of contingency-support services performed by military service members, federal civilians, and contractors

One factor in determining the optimal workforce mix for providing support services in a contingency is the incremental cost of using military service members, federal civilians, and private-sector contractors. But cost-comparison methodologies are controversial and often yield disparate results.

This appendix presents an analysis of the comparative costs of these support options under a number of possible circumstances, including who performs the function, the characteristics of the function, and the characteristics of the particular contingency operation. The analysis leads to three general conclusions:

### 1. For contingency operations that can be supported by standing military capabilities, the military is generally the most cost-effective solution.

This follows since regular pay and benefits of deployed military service members are “sunk” costs—that is, they must be paid whether the person is deployed on contingency duty in Haiti or is training in Alabama.

They are not an addition to the overall cost of the contingency mission. Transport costs and special pay and benefits are incremental costs of the mission. In contrast, the full cost incurred for contractors or new federal civilian hires supporting a contingency operation would be included in the cost of the contingency.

### 2. For larger, prolonged contingencies that would require recruiting and hiring additional civilian personnel or increasing military-force strength to meet support needs, contractors are generally more cost effective when employing lower wage local- or third-country nationals.

For example, in Iraq about 60 percent of contractor personnel perform life- and installation-support work, and another 25 percent or more are engaged in security or construction, or act as translators/interpreters. The vast majority of these personnel are local or third-country nationals (LNs, TCNs), not U.S. citizens. The comparatively low pay and benefits for LNs and TCNs, as compared to military or U.S.-national federal civilians, enable contractors to be less costly than government in such settings.

### 3. In other instances, when contractors rely on U.S. citizens to acquire specialized skills or meet other requirements not available from LNs or TCNs, contractor and federal civilian personnel costs are roughly comparable.

In these circumstances, criteria other than costs will influence the preferred workforce mix between private-sector contractors and federal civilian personnel. Because military “dwell-time” costs—the costs of maintaining back-up personnel to rotate into and out of the contingency area—must be recognized when a contingency is prolonged, the U.S. military will be the most expensive option.

**NOTE:** This research appendix makes no recommendation for or against using contractors. It addresses only the question of *comparing costs* between contractors and government personnel. It notes that such comparisons involve distinctions among the types of costs compared, the duration of the contingency, local labor markets, and other factors. The analysis is based on critical assumptions, and in some cases, limited availability and utility of important data elements.

This appendix does *not* address policy or legal restrictions, risks, appropriateness, mission criticality, organizational efficiency and effectiveness, desired levels of federal control, or other considerations that either could or must take precedence over straightforward cost comparisons.

## Background and introduction

This analysis of the incremental costs incurred to support warfighters in a contingency operation compares the costs of using full-time equivalent (FTE) military members, federal civilians, and contractor personnel. Incremental costs are added costs at the margin, not sunk costs that are included in program or budget totals. Because contingencies are not the same, the composition of incremental costs is not the same either. The costs depend not only on the function to be performed, but also on who performs it, the duration and intensity of the operation, and the force structure available when the contingency begins.

Relatively small-scale/short-lived contingencies, such as the recent contingency in Haiti, can use support capabilities that exist within available expeditionary forces. That is, the lowest-cost solution is to use existing military forces.

The incremental costs of deploying an available military-support capability include transportation, hazardous-duty pay, and other operating costs, but exclude regular pay and benefits. Pay and benefits already incurred by the government are sunk costs: they will not change if deployment for a short contingency is required.

After initial deployment, the military continues to be the lower-cost option if combat-support capability is already available within the military. The incremental operating cost to deploy a military member is estimated to be about \$10,000 per year, depending on distance traveled and family status. Table F-1 shows the incremental costs to deploy a military member. This is far less than hiring a new federal civilian or obtaining support from a contractor.

**Table F-1. Annual incremental costs to deploy a military service member**

Transportation	Hostile fire/ imminent- danger pay	Family separation allowance (if service member has dependents)	Hardship-duty pay: Location, mission, involuntary extension in Iraq	Total
\$2,500	\$2,700	\$3,000	\$2,000	\$10,200

**Source:** Summary of Commission calculations based on Defense data as of July 29, 2011, <http://militarypay.defense.gov>.

Larger-scale/prolonged contingencies, such as those in Iraq and Afghanistan, require recruiting and hiring additional civilian personnel or growing the military force structure because support requirements exceed available government resources. In these cases, contractors are generally more cost-effective. Military and civilian pay and benefits for new recruits/hires under these circumstances are included in incremental government costs. Dwell or rotation costs for the military would also be included to the extent that additional recruitment of personnel is required to fill those positions as the contingency extends beyond established rotation times.

Contractors are especially cost-effective when performing basic life-support functions if lower-priced LNs or TCNs constitute most of a contractor's workforce.<sup>1</sup> In Iraq, for example, three quarters of the contractor workforce consists of LNs and TCNs, who provide nearly all contracted life- and installation-support, security, and construction services.

1. The use of FTE cost comparisons assumes that government and contractor organizations are equally efficient in their use of personnel and other necessary resources. In other words, if a function required 100 military or 100 federal civilian employees to perform, we assume it would require 100 contractor employees. This assumes equivalent skill sets and task proficiency, which is not necessarily true. For example, suppose guarding a forward base requires 100 highly skilled and proficient U.S. military troops. If skill sets or proficiency differ, to provide the same or a comparable level of security, the same function may require 75 or 300 contractor employees (numbers are for illustration only).

Table F-2 summarizes the study findings. For lower- and mid-level-worker skills, contractors employing local or third-country nationals are less costly than military or federal civilian employees. However, when contractors employ U.S. citizens in higher-skill positions (as may be the case with communications support and professional services), their costs are roughly equivalent to military and federal civilians in comparable grade levels. The military is substantially more expensive when the contingency extends beyond rotation cycles and dwell costs are recognized.

**Table F-2. Annual cost comparison for larger scale/prolonged contingency**

Skill level	Work example	Contractor billing rate	Military FTE costs	Federal civilian FTE costs
<b>Lower</b>	Food service	LN = \$35,700 TCN = \$67,600	E-3 (Private 1/C) = \$86,671 (\$251,758 with dwell)	WG (wage-grade, \$13/hr base) = \$81,189
<b>Middle</b>	Construction: plumber, electrician	LN = \$35,700 TCN = \$67,600	E-4 (Corporal) = \$97,439 (\$283,037 with dwell)	WG (\$22/hr base) = \$137,397
<b>Higher</b>	Communications support	U.S. citizen = \$185,700 to \$231,600	O-3 (Army Captain) = \$175,335 (\$509,309 with dwell)	GS-12, Step 5 = \$178,502

**Source:** Contractor billing rate, see Table F-7; Military FTE costs, see Table F-4; Federal civilian FTE costs, see Table F-5.

Conclusions are based on the comparative cost of FTE workers supporting a large-scale/prolonged contingency. Comparative costs for military, federal civilian, and private-sector contractor FTEs are an approximation for the total organizational cost of performance for an activity. Data to compare the total organizational cost of performance, which depends on relative overall efficiency, are generally not available.

Cost differences can be substantial in their impact and are very sensitive to Defense’s practice with regard to deployment times and refresh/training times at home, termed “dwell times,” as discussed below.

## Methodology: Cost-concepts and scenarios

Our general concept for measuring support costs associated with a contingency is to count those incremental costs that would be incurred in supporting a contingency operation—costs that would otherwise be absent. Costs included in this concept depend on the nature of the contingency, particularly its intensity and duration. Two possible scenarios are set out below.

- **Small-scale/short contingency:** Here the contingency can be carried out by deployment of available government resources (military and federal civilians) and even if rotation of original personnel/units occurs, replacement personnel/units are available in the existing force. In this scenario, incremental costs for government personnel include transportation, hazardous-duty pay, and post-differential/danger/overtime pay for civilians, but *exclude* normal military and civilian salary and benefits. Salary and benefits for existing military and civilians are incurred irrespective of whether there is a contingency operation.

Substituting contractors would imply incurring incremental costs representing the full personnel costs involved (salary and benefits), plus overhead and profit, the cost of contract administration, and operating costs similar to those incurred by the government. In this situation, the use of government-only deployable resources without contractor support would be the most

cost-effective alternative for support during the contingency. Of course, when no contingency exists, peacetime costs of the government forces would continue to be incurred.<sup>2</sup>

- **Large-scale/prolonged contingency:** The contingency operation in this second scenario is so extensive that the available force structure would have to be augmented by new recruits, civilian hires, or contractors to meet the support requirement.

First, the operation would be sufficiently long that stateside rotation of military personnel to fulfill dwell requirements becomes necessary and thus substantial dwell costs would be incurred. Dwell costs depend on the length of deployment, rotational time at home, and the length of the contingency. For example, one-year deployments followed by a two-year rotation require three FTEs to support a contingency lasting three years or more.

Extending deployments and reducing rotation time reduces dwell costs but creates issues for retention, recruiting, and morale. Also, using personnel during stateside rotation to satisfy requirements that otherwise would require a new hire reduces dwell costs. Calculations were made using a dwell-multiple of three assuming a one-year deployment followed by a two-year rotation.

Second, in the case of the federal civilian solution, incremental costs include salary and benefits of the new civilian hires required to backfill the deployed civilian's position at home. Civilian costs would also include overtime, post differential, and danger pay.

The third alternative would be to contract for the required support. The cost of this alternative would include contractor personnel pay and benefit costs, overhead, profit, and contract administration costs incurred by the government.

## Findings

The following cost analysis applies to a large-scale/prolonged-contingency scenario. It is based on current policy that the combat-support and combat service-support portion of standing military forces be maintained at a low level (to avoid high peacetime costs and maximize combat capabilities) and augmented as needed by contractors. Under this policy, providing support services by using government personnel (military or civilian) would require increasing the force structure or hiring additional civilian employees, or both. All cost elements (especially pay and benefits) would be incurred for the contingency and are thus used in our comparisons.

## Military costs

Determining the cost of military personnel is complex because of the variety of special-pay categories—benefits that extend beyond the affected military department, even beyond Defense, and family situations of military members. Military compensation is unusual in that a high proportion is paid in the form of benefits—some paid out for a lifetime—rather than cash. The cash-compensation portion is relatively modest, so the actual cost used in comparative analysis depends heavily on which benefits are included. In general, military personnel receive base pay according to their rank and years of service. They also receive allowances for subsistence and housing (adjusted for locality), and may also be entitled to other special types of pay.

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2. An exception to this concept would be the deployment of Guard and/or Reserve units. Their personnel would be paid on a full-time basis as opposed to much lower pay and benefit expenses during non-active status. Thus, most of their pay and benefits would be incremental in a contingency operation.

There are several alternatives typically used to determine the cost of a military member: cash compensation, regular military compensation, composite (also called programmed) rate, and the full cost to the government. In 2007, the Congressional Budget Office (CBO) summarized the most common methods of determining military compensation.<sup>3</sup> The most comprehensive method was used in this study: the full cost to the government.

**Cash compensation:** This typically includes basic pay, plus the basic allowance for subsistence, plus the basic allowance for housing (based on location and dependent status).

**Regular military compensation:** This includes basic pay, housing, and subsistence allowances, plus the tax advantages (foregone government revenue) on those allowances. This can also be extended to include state and local tax benefits. Benefits are added to these cash amounts. According to the CBO, "Data suggest that military personnel receive about 50 percent of their total compensation in such benefits."<sup>4</sup>

**Composite Rate (or Programmed Amount):** This consists of average basic pay plus retired-pay accrual, Medicare-Eligible Retiree Health Care (MERHC) accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, permanent change of station expenses, and miscellaneous pay. It includes a per capita cost of \$5,560 of MERHC accrual.<sup>5</sup> These rates are summarized in the Annual Defense Composite Rate (also known as the Programmed Amount).<sup>6</sup>

**Full cost to Defense:** Directive-Type Memorandum (DTM) 09-007 adds other factors to the composite rate to present a fuller accounting of the cost of military personnel. It adds costs for recruitment and advertising, training, subsidized groceries (commissaries), education assistance, child-development services, and other costs that are incurred through the provision of non-monetary benefits to military members.<sup>7</sup> This equates to the full cost to Defense.

**Full cost to the government:** The referenced DTM 09-007 defines full cost to the government by adding other departments' costs to those shown above. Included are:

- Department of Education for impact aid to schools,
- Department of Labor for training and employment of veterans,
- Department of the Treasury payments into the Military Retirement Fund, and
- Department of Veterans Affairs for veterans' benefits.<sup>8</sup>

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3. Congressional Budget Office Pub. No. 2665, "Evaluating Military Compensation," June 2007, 2.

4. Ibid.

5. Office of the Under Secretary of Defense, Program/Budget, memorandum, "Department of Defense (DoD) Military Personnel Composite Standard Pay and Reimbursement Rates FY 2009."

6. Office of the Secretary of Defense, Cost Assessment and Program Evaluation, Directive-Type Memorandum (DTM) 09-007, "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support," January 29, 2010, 23.

7. Ibid., 24.

8. Ibid., 24-25.

These military cost concepts are summarized in Table F-3.

**Table F-3. Summary of cost concepts for military members**

<b>Military Cost Concept</b>	<b>Definitions</b>
Cash compensation	Basic pay, basic allowance for housing (BAH), basic allowance for subsistence (BAS)
Regular military compensation	<i>Adds to above:</i> Federal-tax advantage on BAH, BAS
Composite Rate	<i>Adds to above:</i> Retired-pay accrual, MERHC accrual, incentive and special pay, permanent change-of-station expenses, and miscellaneous pay <i>Deletes from above:</i> Federal tax advantage on BAH, BAS
Full cost to Defense	<i>Adds to above:</i> Costs for recruitment and advertising, training, subsidized groceries (commissaries), education assistance, child-development services, and other costs that are incurred through the provision of non-monetary benefits to military members
Full cost to the government	<i>Adds to above:</i> Department of Education for impact aid to schools, Department of Labor for the training and employment of veterans, Department of the Treasury payments into the Military Retirement Fund, and Department of Veterans Affairs for veteran's benefits

**Sources:** Office of the Secretary of Defense, Cost Assessment and Program Evaluation, Directive-Type Memorandum (DTM) 09-007, "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support," January 29, 2010, 24-25; Congressional Budget Office Pub. No. 2665, "Evaluating Military Compensation," June 2007, 2.

The total amount of overhead cost, such as that for headquarters operations, incurred by the government for each service member is not included in any of the cost definitions above. While presumably small for each individual, it is an unknown factor when comparing military to contractor costs, where all such costs are included in the contractor's billing rates. OMB Circular A-76, in the computations program COMPARE, uses a factor of 12 percent for overhead for government employees. We have adopted this rate as a starting point in our analysis.

Although none of the basic costing methodologies discussed above focus on the special-pay rates that are likely applicable in contingency operations, we need to include them in our discussion. In certain areas, a member of the uniformed services may be entitled to Hostile Fire/Imminent Danger pay at the rate of \$225 per month.<sup>9</sup> This would be \$2,700 over 12 months.

A service member with dependents who serves an unaccompanied tour of duty may be entitled to a family-separation allowance (FSA) of \$250 per month. FSA accrues from the day of departure from the home station and ends the day prior to arrival at the home station.<sup>10</sup> This would total \$3,000 over 12 months.

Military Hardship Duty Pay (HDP) is based on several considerations. HDP based on location (HDP-L) is intended to recognize extraordinarily arduous living conditions, excessive physical hardship, or unhealthy conditions, and ranges from \$50 to \$150 per month based on the level of hardship. HDP based on mission (HDP-M) is paid for performing designated hardship missions. HDP of \$200 per month based on involuntary extension in Iraq is paid to those serving beyond a 12-month deployment. The maximum total of all three HDPs cannot exceed \$1,500 per month.<sup>11</sup>

9. Office of the Under Secretary of Defense, Personnel and Readiness, Military Compensation, "Hostile Fire/Imminent Danger Pay (HFP/IDP)," as of July 29, 2011, <http://militarypay.defense.gov>.

10. Office of the Under Secretary of Defense, Personnel and Readiness, Military Compensation, "Family Separation Allowance," as of July 29, 2011, <http://militarypay.defense.gov>.

11. Office of the Under Secretary of Defense, Personnel and Readiness, Military Compensation, "Hardship Duty Pay (HDP)," as of July 29, 2011, <http://militarypay.defense.gov>.

In its military-compensation study, CBO added about 5 percent to total pay for these special pay rates, and we are adopting the same approach.

Based on the above, we recommend estimating military pay as shown in Table F-4. This starts with the readily available Annual Defense Composite Rate. It adds the adjustments to calculate the cost to Defense and the overall cost to the government for the military member. Then we add the factors for overhead and special-pay rates typical of a contingency operation. We did not include any treatment of the revenue consequences for the government of not taxing military benefits.

A major factor in the cost of the military is dwell time, or the time spent between deployments. This time is necessary for rest, recovery, and family time following a combat deployment, and for training and preparation time for the next deployment. At times, for example, the Army's goal has been to have 12-month deployments with 24 months of dwell time, or a 1-to-2 dwell ratio. In order to always have a unit deployed, an additional two units are required to provide sufficient dwell time. However, the Army has sometimes only been able to achieve a 1-to-1.2 dwell ratio and has said that in the future it wants to have a 1-to-2.5 dwell ratio. The calculations below used the 1-to-2 dwell ratio, but the total cost changes considerably if either 1-to-1.2 or 1-to-2.5 were used. In addition to length of deployment and dwell time, dwell costs are reduced if personnel are used during home rotation to satisfy home-based requirements that would otherwise require a new hire or a private contractor.

**Table F-4. Example of military FTE cost estimates**

	<b>O-3</b> (Army Captain)	<b>E-4</b> (Corporal)	<b>E-3</b> (Private 1/C)
Annual Defense Composite Rate (2010 dollars)	\$122,616	\$56,378	\$47,221
Adjustments from DTM 09-007 for Defense costs (2008 dollars)*	16,997	16,997	16,997
Additional adjustments from DTM 09-007 for other costs to the government (2008 dollars)**	12,659	12,659	12,659
Overhead (12 percent on Composite Rate)	14,715	6,765	5,667
<b>Total FTE cost in United States</b>	<b>\$166,987</b>	<b>\$92,799</b>	<b>\$82,544</b>
Contingency special pay (5 percent)	8,349	4,640	4,127
<b>Total FTE cost for year deployed</b>	<b>\$175,335</b>	<b>\$97,439</b>	<b>\$86,671</b>
Total with dwell ratio at 1-to-2***	\$509,309	\$283,037	\$251,758

**Notes:** \*Adjustments include costs for health care, education assistance, discount groceries, child development, training, recruitment and advertising, defense education activity and family assistance, manpower management, and other personnel support.

\*\*Child education-impact aid (\$928), Veterans' employment and training (\$9), Treasury contribution to retirement (\$7,119), Treasury contribution for concurrent receipts (\$1,236), Veterans' benefits (\$3,367), totaling \$12,659.

\*\*\* Total costs include special pay for the one year deployed.

**Sources:** Office of the Under Secretary of Defense, Program/Budget, memorandum, "FY 2009 Department of Defense (DoD) Military Personnel Composite Standard Pay and Reimbursement Rates," August 18, 2008; Office of the Secretary of Defense, Cost Assessment and Program Evaluation, Directive-Type Memorandum (DTM) 09-007, "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support," January 29, 2010.

## Federal civilian costs

Federal civilian employee costs in an overseas contingency are primarily driven by six factors: grade/step/salary, benefits, post differential, danger pay, overtime hours, and overhead. We used all six factors to develop the total cost to the government for federal civilian employees.

The grade and step of federal civilian employees under the General Schedule (GS) establishes their basic pay rates. When stationed overseas, they are to receive the base pay for their current grade and step.<sup>12</sup> For personnel stationed in the United States, those rates often have locality pay added. When a person is overseas on a temporary basis or may still have dependents living in the United States, employees may still draw locality pay based on the rate for their home station.

Some blue-collar employees in the United States are under the federal wage system of the Office of Personnel Management, which sets their pay based on pay in their local area as determined by the Department of Labor. This group would typically include such trades as plumbers and electricians, and its members are often referred to as wage-grade (WG) employees.

Benefits for federal civilian workers including retirement, health care, Medicare, and insurance are 36.25 percent of an employee's base pay.<sup>13</sup>

When overseas, a federal civilian employee is entitled to post-differential pay established by the Department of State. Typically, the highest rate—35 percent—will apply to a post in a contingency area. Danger pay at 35 percent, also set by the Department of State, will typically apply in a contingency area. An employee may also receive a post cost-of-living allowance; however, there currently is no additional amount for Iraq or Afghanistan.<sup>14</sup>

Overtime pay for work above a regular 40-hour work week is also a part of the compensation for some federal civilian employees. In the early days of a contingency operation, the number of hours may be established as a programmed amount. This may be as high as 40 hours of overtime per week. Overtime is usually paid at a rate of time-and-a-half for the employee, but is capped at the GS-9 step 5 rate of \$32.90 (2010) or the person's regular hourly rate, whichever is more.<sup>15</sup>

It is reasonable to count as an incremental contingency-related cost all of the federal civilian's full salary and benefits while deployed, as the work being done prior to deployment must presumably be done by those remaining, possibly using overtime hours. Funds may be provided to replace the federal civilians at their home stations, but such backfills are problematic because of the difficulties of the federal hiring system and the difficulty of finding new hires with the right skills. If such backfills do occur, we assume the cost of this new hire would generally be the same as the cost of the person replaced. Given this assumption, the deployed civilian's salary and benefits are attributable to the cost of the contingency. As noted, OMB Circular A-76 uses a factor of 12 percent for overhead for government employees.

Finally, because federal civilian employees' compensation is subject to federal income tax, a recoupment of 20 percent (the average tax rate according to the Internal Revenue Service), should be deducted from the compensation costs of these employees to place federal civilian employees on a basis comparable to U.S.-citizen contractor employees or military personnel.

12. Office of Personnel Management, Salary Table 2010-GS, as of July 29, 2011, <http://www.opm.gov>.

13. Office of Management and Budget memorandum M-08-13, "Update to Civilian Position Full Fringe Benefit Cost Factor, Federal Pay Raise Assumptions, and Inflation Factors used in OMB Circular No. A-76, 'Performance of Commercial Activities,'" March 11, 2008.

14. Department of State, "Summary of Allowances and Benefits for U.S.G. Civilians under Department of State Standardized Regulations (DSSR)," as of August 3, 2009, <http://aoprals.state.gov>.

15. Office of Personnel Management, Salary Table 2010-GS, as of July 29, 2011, <http://www.opm.gov>.

Note: Another factor to consider is that these special-payment situations are likely to drive the employee's total compensation above the level of the salary of the Vice President of the United States, \$230,700 for 2010, which is not normally allowed. However, in a contingency operation, it may be likely that this limitation will be waived by Congress, at least for Defense employees. Otherwise, a federal civilian employee reaching this ceiling would have to be replaced in theater with a comparable employee with resulting disruption and additional relocation costs. These costs are not considered in our analysis.

In Table F-5 below we provide some examples of total government costs for federal civilian workers using the above assumptions. The GS-12 step 5 is treated as a skilled journeyman-level grade in and among the general-schedule workers. The wage-grade base-pay examples are typical hourly rates the government is currently offering for plumbers, electricians, and food-service workers.<sup>16</sup>

**Table F-5. Examples of total costs for federal civilians in contingency operations**

Row	Item	GS-12, step 5	Wage grade at \$22/hour (plumber/ electrician)	Wage grade at \$13/hour (food service)
1	Annual salary (base)	\$68,310	\$45,914	\$27,131
2	40 hours of overtime (50 weeks)	65,800	66,000	39,000
3	Post differential pay (35 percent)	23,909	16,070	9,496
4	Danger pay (35 percent)	23,909	16,070	9,496
5	Benefits (36.25 percent of row 1)	24,762	16,644	9,835
6	Overhead (12 percent of row 1)	8,197	5,510	3,256
<b>7</b>	<b>Total</b>	<b>\$214,887</b>	<b>\$166,208</b>	<b>\$ 98,214</b>
8	Deduct federal taxes recouped (rows 1 to 4 at 20 percent)	(\$36,385)	(\$28,811)	(\$17,025)
<b>9</b>	<b>Total after taxes</b>	<b>\$178,502</b>	<b>\$137,397</b>	<b>\$81,189</b>

**Source:** Office of Personnel Management, Salary Table 2010-GS, as of July 29, 2011, <http://www.opm.gov>.

## Contractor costs

The cost of contractor support depends critically on the skill level needed, location, labor-market supply, and other characteristics of the particular contingency operation. Those characteristics influence how much a contractor pays to attract U.S. citizens, as well as the cost and availability of local and third-country nationals. Our comparisons are based on the government's actual experience for obtaining contractor support in Iraq.

**Workforce Composition:** In Iraq, about 25 percent of the contractor workforce consists of LNs. Approximately 25 percent of the workforce are U.S. citizens and the remaining 50 percent TCNs. The vast majority of the contractor workforce (60 percent) is engaged in base-support activities, mainly under the LOGCAP program. Another large portion, nearly 30 percent, divides roughly evenly among security, construction, and translation services.<sup>17</sup>

**Services Performed:** The contract workforce involved in providing support functions tends to be concentrated in one of the nationality categories. Third-country nationals dominate life-support and security services. Iraqi nationals dominate construction and translation services. U.S. citizens dominate

16. Office of Personnel Management, Salary Table 2010-GS, as of July 29, 2011, <http://www.opm.gov>.

17. Brig. Gen. William N. Phillips, Commanding General, Joint Contracting Command-Iraq/Afghanistan, memorandum, "Contractor Support of Multi-National Force-Iraq (MNF-I) Operations," July 17, 2009; Brig. Gen. John F. Wharton, Chief of Staff, U.S. Army Materiel Command, briefing to Commission, January 12, 2009.

communications support. See Table F-6 below for data on headcounts as of June 20, 2009. Shaded cells indicate the numerically dominant value.

**Table F-6. Contractor workforce by activity performed in Iraq**

As of June 20, 2009

<b>Mission Category</b>	<b>Total (% of total)</b>	<b>U.S. citizen</b>	<b>Iraqi LN</b>	<b>TCN</b>
Base life support	71,783 (60%)	18,093	9,869	43,821
Security	13,145 (11%)	773	3,686	8,686
Construction	10,090 (8%)	184	8,297	1,609
Translators/interpreters	9,128 (8%)	2,390	6,738	0
Logistics/maintenance	3,800 (3%)	2,778	314	708
Training	2,694 (2%)	2,397	54	243
Communications support	2,183 (2%)	2,070	48	65
Transportation	1,616 (1%)	28	1,364	224
Other	5,267 (4%)	2,828	1,670	769
<b>Total</b>	<b>119,706 (100%)</b>	<b>31,541 (26%)</b>	<b>32,040 (27%)</b>	<b>56,125 (47%)</b>

**Note:** Shaded cells represent the leading source of the workforce in each category.

**Source:** Brig. Gen. William N. Phillips, Commanding General, Joint Contracting Command-Iraq/Afghanistan, memorandum, "Contractor Support of Multi-National Force-Iraq (MNF-I) Operations," July 17, 2009, 1.

Table F-7 displays data on contractor FTE costs in Iraq—both direct-labor only, and fully loaded and billed. Billable rates per FTE are broken out by workforce nationality, but are reported only for a single point in time and are based on a sample of 1,000 contracts. Billable rates are a representation of the contractor’s full cost to the government and include the contractor’s overhead, other direct costs, and fee. Thus, billable rates are the best basis to compare contractor costs to our computation of military and federal-civilian FTE costs.

**FTE Costs:** Cost information is based on actual contract data on two alternative FTE cost measures: direct-labor cost per FTE and billing-cost per FTE.

The first, direct-labor cost per FTE, comes from the Army Contractor Manpower Reporting Application, where contractors are required to report direct-labor costs per FTE, exclusive of benefits, overhead, general and administrative, and other direct costs.<sup>18</sup> These costs are self-reported by the contractors and vary widely, with an unknown amount for the benefits that would make them more comparable to costs used elsewhere in our analysis. As a result, full use of these data was not possible.

The second measure, billing-cost per FTE, is taken from a July 17, 2009 memorandum from the Commanding General, Joint Contracting Command-Iraq/Afghanistan (JCC I/A) and are partially reproduced in a briefing presented to the Commission by the Chief of Staff, U.S. Army Materiel Command. Billing costs per FTE are based on a data sample of 1,000 contracts compiled by the Theater Financial Management Cost Team. The values presented by these sources coincide, with the exception of the FTE billing costs for U.S. citizens. For U.S. citizens, the two reported values, depending on the source, are \$185,700 or \$231,600.<sup>19</sup>

**Table F-7. Contractor costs in Iraq**  
As of June 20, 2009

	U.S. citizen	Iraqi LN	TCN	All
Direct labor costs per FTE (excludes benefits, overhead, general and administrative, and other costs)	NA	NA	NA	\$66,709 = FY 2008  \$78,228 = FY 2009
Contract billing costs per FTE	\$185,700 or \$231,600	\$35,700*	\$67,600	NA

\* To the extent that LNs live off base and depend on the local economy for housing and subsistence rather than having government-furnished housing, they represent an even lower relative cost to the government.

**Sources:** Brig. Gen. William N. Phillips, U.S. Army, Commanding General, Joint Contracting Command-Iraq/Afghanistan, memorandum, “Contractor Support of Multi-National Force-Iraq (MNF-I) Operations,” July 17, 2009, 1; Brig. Gen. John F. Wharton, Chief of Staff, U.S. Army, U.S. Army Materiel Command, briefing to Commission, January 12, 2009.

18. U.S. Army, “FY 2009 Inventory of Contracts for Services.”

19. Tyler Stopa and Karl Kalb, Calibre, Theater Financial Management Cost Team, telephone interview with Commission, March 9, 2010.

## Conclusions

Based on the cost assumptions and data analyses presented above, heavy reliance on local nationals and third-country nationals (especially for logistics services and installation support) leads to considerable cost savings compared to the military, federal government civilians, or U.S. citizens used by contractors. Local and third-country nationals also offer significant cost advantages.

For the balance of activities that rely on contractor support using U.S. citizens, the cost advantages of contracting versus performing the function using military or federal civilians is less clear.

- For longer-term contingency operations where dwell costs are recognized, contractors are more cost-effective than military personnel.
- U.S. citizens employed by contractors are cost-comparable with the use of federal employees in similar skill or occupational categories. The relative advantage of one over the other would rest on factors other than FTE (labor) cost. The relative efficiency of the government or contractor organization performing the work in question would determine the more cost-effective source.

## Appendix G

# Commissioners

**Michael J. THIBAUT**, Co-Chair. Appointed by Speaker of the House. Jointly designated as Co-Chairman by Speaker of the House and Senate Majority Leader. Director, Navigant Consulting, 2007–2008; Chief Compliance Officer, Unisys Federal Systems, 2005–2006; Deputy Director, Defense Contract Audit Agency, 1994–2005. BA, Southern Oregon; MA, Central Michigan, 1984; CPA (retired); U.S. Army, 173<sup>rd</sup> Airborne Brigade, 1965–1968.

**Christopher SHAYS**, Co-Chair. Appointed by House Minority Leader. Jointly designated as Co-Chairman by House Minority Leader and Senate Minority Leader. Member, U.S. House of Representatives, for Connecticut's 4th District, 1987–2009. Formerly Chairman, then Ranking Member, Subcommittee on National Security and Foreign Affairs of the Oversight and Government Reform Committee; member, Committees on Homeland Security and Financial Services. Representative, Connecticut General Assembly, 1975–1987. Peace Corps volunteer, 1968–1970. BA, Principia College; MBA, MPA, New York University.

**Clark Kent ERVIN**. Appointed by Speaker of the House. Director, Homeland Security Program, Aspen Institute, 2005–present; appointed by Secretary of Homeland Security Janet Napolitano to Homeland Security Advisory Council; Member, Board of Directors, Clear Path Technologies, LLC; Inspector General, United States Department of Homeland Security, 2003–2005; Inspector General, United States Department of State, 2001–2003; Deputy Attorney General and General Counsel of Texas, 1999–2001; Assistant Secretary of State of Texas, 1995–1999; Locke, Liddell, & Sapp, LLP, Lawyer, 1993–1995; Associate Policy Director, White House Office of National Service, 1989–1991; Vinson & Elkins, LLP, Lawyer, 1985–1989. AB, Harvard; MA, Oxford; JD, Harvard.

**Grant S. GREEN**. Appointed by the President. Chairman, 2005–present, Chairman and President, 1996–2000, Global Marketing and Development Solutions Inc.; President, “America Supports You Fund,” 2007–2009; Under Secretary of State for Management, 2001–2005; Executive Vice President and Chief Operating Officer, major consulting and marketing company, 1989–1996; Assistant Secretary of Defense, 1988–1989; Special Assistant to the President, Executive Secretary for the National Security Council, 1986–1988; senior management positions, Sears World Trade, 1983–1986. BA, Arkansas; MS, George Washington, 1979. Retired colonel, U.S. Army. Formerly Acting Co-Chair of the Commission.

**Robert J. HENKE**. Appointed by Senate Minority Leader. Assistant Secretary for Management (Chief Financial Officer and Chief Acquisition Officer), Department of Veterans Affairs, 2005–2009; previously, Principal Deputy Under Secretary of Defense (Comptroller); Professional Staff Member, U.S. Senate Committee on Appropriations, Subcommittee on Defense; Presidential Management Intern with the Office of the Assistant Secretary of the Navy (Financial Management & Comptroller); General Electric Company; U.S. Navy. BA, Notre Dame; MPA, Syracuse.

**Katherine V. SCHINASI**. Appointed by Senate Majority Leader, 2010, replacing Linda J. GUSTITUS, who served 2008–2009. Senior advisor to The Conference Board, a non-profit research organization, 2009–2010. Government Accountability Office, 1978–2009, retired as managing director for acquisition and sourcing management. Portfolio included operations in Departments of Defense, State, and Homeland Security, and cross-governmental acquisitions. Past lecturer at Defense Acquisition University, Industrial College of the Armed Forces, and Naval Postgraduate School. Appointed to federal Senior Executive Service, 1998. BA, government and politics, University of Maryland; MA, international relations, School of International Service, American University.

**Charles TIEFER**. Appointed by Senate Majority Leader. Professor of Law, University of Baltimore School of Law, 1995–present (government contracts, contracts, and legislation); U.S. House of Representatives, General Counsel (Acting), 1993–1994; Solicitor and Deputy General Counsel, 1984–1995. Assistant Senate Legal Counsel, U.S. Senate, 1979–1984; Trial Attorney, Civil Rights Division, U.S. Department of Justice, 1978–1979; Law Clerk, U.S. Court of Appeals for the D.C. Circuit, 1977–1978. BA, Columbia *summa cum laude*; JD, Harvard *magna cum laude*.

**Dov S. ZAKHEIM**. Appointed by the President. Senior Vice President, Booz Allen Hamilton, 2004–2010; Senior Fellow, CNA Corporation, 2010–present; Senior Advisor, Center for Strategic and International Studies, 2010–present; Under Secretary of Defense (Comptroller) and Chief Financial Officer, 2001–2004 (coordinator of Department of Defense civilian programs in Afghanistan, 2002–2004); Corporate Vice President, System Planning Corporation, and Chief Executive Officer, SPC International Corporation, 1987–2001; Deputy Under Secretary of Defense (Planning and Resources), 1985–1987; Department of Defense, various senior executive service positions, 1981–1985; Congressional Budget Office, 1975–1981. BA, Columbia; DPhil, Oxford.

Note: Appointing officials were those occupying office in 2008–2009.

## Appendix H

# Commission staff

**Robert B. Dickson**, *Executive Director* ■ **Jeffrey Brand**, *Deputy Executive Director*

Marshall Adame  
*Professional Staff Member*

Jessica Baker  
*Program Analyst*

Bill Barclay  
*Professional Staff Member*

Steve Bassermann  
*Program Analyst*

Captain Tina Benivegna  
*Detailee-DCMA, Air Force*

Richard Beutel  
*General Counsel*

Kathryn Bloomberg  
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Cynthia Bodnar  
*Program Analyst*

Anthony Box  
*Professional Staff Member*

John Brosnan  
*Senior Counsel*

Rosemary Byrd  
*Deputy Study Director*

Catherine Carrell  
*Detailee-DCAA*

Tara Chapman  
*Program Analyst*

Marquittia Coleman  
*Executive Assistant*

Morgan Cosby  
*Counsel*

Gray Coyner  
*Team Lead*

Robert Curtis  
*Professional Staff Member*

Stephen Dillard  
*Professional Staff Member*

Norbert Doyle  
*Group Lead*

James Durso  
*Team Lead*

David Fitzgerald  
*Group Lead*

Garrett Golubin  
*Program Analyst*

Joe Graziano  
*Team Lead*

Gloria Greenhow  
*Executive Assistant*

Alicia Haley  
*Program Analyst*

Marian Harvey  
*Professional Staff Member*

William "Mike" Hatchett  
*Detailee-USACE*

Donna Heivilin  
*Professional Staff Member*

Megan Herberger  
*Program Analyst*

Clark Irwin  
*Communications Director*

James Jeffery  
*Professional Staff Member*

David Johnson  
*Detailee-DCAA*

Parker Laite  
*Program Analyst*

Philip Lee  
*Legal Intern*

Denean Machis  
*Group Lead*

Kevin Maloy  
*Team Lead, Detailee-Department of State*

Curt Malthouse  
*Detailee-DoD IG*

Ambassador Gary Matthews  
*Professional Staff Member*

Robert Melby  
*Professional Staff Member*

Anne McDonough  
*Research Librarian and Archivist*

Zen McManus  
*Program Analyst*

Clark Mercer  
*Program Analyst*

George Mong  
*Professional Staff Member*

Myron Myers  
*Professional Staff Member*

Kristen Nelson  
*Team Lead*

Brendan Orsinger  
*Program Analyst*

Denis Orsinger  
*Professional Staff Member*

Gregory Picur  
*Detailee-USAID*

David Reed  
*Professional Staff Member*

Frank Sailer  
*Technical Support*

Don Schlienzy  
*Professional Staff Member*

Major Benjamin Sherrill  
*Detailee-DCMA, Air Force*

Lane Smith  
*Professional Staff Member*

Karen Sorber  
*Study Director*

Steven Sternlieb  
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Ronald Straight  
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Jazather Thompson  
*Office Manager*

Jo-Ann Thompson  
*Administration Assistant*

Adam Weaver  
*Counsel*

Diana White  
*Executive Administrator*

Carmen Williams  
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*Program Analyst*

Susan Yarbrough  
*Detailee-USACE*

# Appendix I

## Acronyms

<b>ACOD</b>	Armed Contractor Oversight Division or Directorate	<b>DoD</b>	Department of Defense
<b>AFCEE</b>	U.S. Air Force Center for Engineering and the Environment	<b>FAR</b>	Federal Acquisition Regulation
<b>AMC</b>	U.S. Army Materiel Command	<b>FOB</b>	Forward Operating Base
<b>ANA</b>	Afghan National Army	<b>FPDS-NG</b>	Federal Procurement Data System–Next Generation
<b>ANP</b>	Afghan National Police	<b>FTE</b>	Full-time equivalent
<b>ANSF</b>	Afghan National Security Forces	<b>GAO</b>	Government Accountability Office
<b>APPF</b>	Afghan Public Protection Force	<b>GDP</b>	Gross domestic product
<b>CAO</b>	Chief Acquisition Officer	<b>ICCTF</b>	International Contract Corruption Task Force
<b>CENTCOM</b>	U.S. Central Command	<b>IDIQ</b>	Indefinite delivery/indefinite quantity
<b>CERP</b>	Commander’s Emergency Response Fund	<b>IG</b>	Inspector General
<b>CFO</b>	Chief Financial Officer	<b>INL</b>	U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs
<b>CIO</b>	Chief Information Officer	<b>IMCOM</b>	U.S. Army Installation Management Command
<b>COCOM</b>	Combatant Command	<b>INSCOM</b>	U.S. Army Intelligence and Security Command
<b>COIN</b>	Counterinsurgency	<b>ISAF</b>	International Security Assistance Force
<b>CONOC</b>	Contractor Operations Center	<b>JCC-I/A</b>	Joint Contracting Command-Iraq/Afghanistan
<b>COR</b>	Contracting Officer’s Representative	<b>LN</b>	Local national
<b>COTR</b>	Contracting Officer’s Technical Representative	<b>LOGCAP</b>	Logistics Civil Augmentation Program
<b>CSTC-A</b>	Combined Security Transition Command–Afghanistan	<b>MEJA</b>	Military Extraterritorial Jurisdiction Act
<b>DCAA</b>	Defense Contract Audit Agency	<b>NSC</b>	National Security Council
<b>DCIS</b>	Defense Criminal Investigative Service		
<b>DCMA</b>	Defense Contract Management Agency		
<b>DLA</b>	Defense Logistics Agency		

<b>OCI</b>	Organizational conflict of interest
<b>OCS</b>	Operational Contract Support
<b>OFPP</b>	Office of Federal Procurement Policy
<b>OMB</b>	Office of Management and Budget
<b>OTI</b>	USAID, Office of Transition Initiatives
<b>PSC</b>	Private security contractor
<b>QDDR</b>	Quadrennial Diplomacy and Development Review
<b>QDR</b>	Quadrennial Defense Review
<b>SIGAR</b>	Special Inspector General for Afghanistan Reconstruction
<b>SIGIR</b>	Special Inspector General for Iraq Reconstruction
<b>SME</b>	Subject-matter expert
<b>SPE</b>	Senior Procurement Executive
<b>SPOT</b>	Synchronized Predeployment and Operational Tracker
<b>TCN</b>	Third-country national
<b>TRANSCOM</b>	U.S. Transportation Command
<b>UCMJ</b>	Uniform Code of Military Justice
<b>USACE</b>	U.S. Army Corps of Engineers
<b>USAID</b>	U.S. Agency for International Development
<b>USFOR-A</b>	U.S. Forces-Afghanistan

# Continuing access to Commission information on the web

When the Commission on Wartime Contracting sunsets on September 30, 2011, the Commission's website will be frozen as it then exists. The University of North Texas, an affiliate of the government's National Archives and Records Administration, will maintain a publicly available record of the site's contents.

The web address or URL for the archived site will not change:

**[www.wartimecontracting.gov](http://www.wartimecontracting.gov)**

Information available on the Commission website includes:

- this final report to Congress, plus the previously submitted two interim and five special reports;
- public hearing transcripts, testimony, and videos;
- news releases; and
- a list of meetings held by Commissioners and staff.